

The Stables Property Fund

ARSN – 167 742 672

Responsible Entity

Placer Property Limited

Financial Report

For the half year ended 31 December 2016

Contents

	Page
Directors' Report	2
Auditor's Independence Declaration	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	
Note 1: Basis of preparation of half yearly financial report	9
Note 2: Significant accounting judgments and estimates	9
Note 3: Fair value estimation	9
Note 4: Distribution to Unitholders	12
Note 5: Investment Property	12
Note 6: Amount due to related party	13
Note 7: Secured borrowings	13
Note 8: Unitholders' funds	13
Note 9: Commitments and contingencies	13
Note 10: Events after the reporting period	13
Directors' Declaration	14
Independent auditor's report	15

Directors' Report

For the half year ended 31 December 2016

The directors of Placer Property Limited, the responsible entity of The Stables Property Fund ("the Trust"), present the report for the half-year ended 31 December 2016.

Responsible Entity

Placer Property Limited ACN 164 635 885 ("the Responsible Entity") is an unlisted public company incorporated under the *Corporations Act 2001* and holds an Australian financial services licence.

Directors

The following persons were directors of the Responsible Entity during the half year and up to the date of this report.

- Michael Arthur Herskope Chairman
- Mark Dominic Allan Non Executive Director
- Greg Marks Non Executive Director
- Mario Ross Papaleo Joint Managing Director
- David Andrew Omond Joint Managing Director

Review of operations and results

The Trust was formed to acquire The Stables Shopping Centre ("Property"). The Property is located at 1495 – 1497 Golden Grove Road, Golden Grove, South Australia.

At 31 December 2016 the Property was 93% leased. The vacant space consisted of three shops and one kiosk, equating to 7% of the Property's net lettable area. The vacant space is covered by a 24 month Rental Guarantee to May 2018. Jones Lang LaSalle has recently been appointed leasing agent, in conjunction with the exiting property manager, to increase leasing resources to assist in leasing the vacant space before the Rental Guarantee period concludes.

The Trust recorded a total comprehensive income for the period \$986,098 (2015: \$335,100). The positive result was primarily due to rent received from tenants, offset by Property operating costs, interest expense and Responsible Entity fees.

The total comprehensive income for the period includes a number of items which are non-cash in nature, occur infrequently and or relate to realised and unrealised changes in liabilities and in the opinion of the directors need to be adjusted for in order to allow for Unitholders to gain a better understanding of the Trust's underlying profit from operations. Profit from operations is a key measure in determining distributions for the Trust.

A reconciliation of total profit attributable from operations, as assessed by the directors, to the reported total comprehensive income is provided in the table below.

	31 Dec 2016 \$	31 Dec 2015 \$
Total comprehensive income for the period	986,098	335,100
Fair value adjustments		
- Investment property	(82,007)	-
- Interest rate swap	(232,100)	-
Total fair value adjustments	(314,107)	-
- Straight lining of rental income, non cash	(61,519)	-
- Amortisation of leasing costs, non cash	59,190	51,740
Total non cash adjustments	2,329	51,740
Total profit attributable from operations	674,320	386,840

Directors' Report

For the half year ended 31 December 2016

Earnings and distribution per Ordinary unit	31 Dec 2016 Cents	31 Dec 2015 Cents
Profit per unit	0.0580	0.0197
Profit attributable from operations per unit	0.0394	0.0227
Distribution per unit	0.0373	-

Refer to Note 4: Distribution to Unitholders for further information.

Events subsequent to the end of the reporting period

No other matters or circumstances have arisen since 31 December 2016 that have significantly affected or may significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 4. No officer or director of the Responsible Entity is or has been a partner/director of any auditor of the Trust.

Signed in accordance with a resolution of the Directors of Placer Property Limited.



Mark Allan (Director)

8 March 2017

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of the Responsible Entity of The Stables Property Fund

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi

Rami Eltchelebi
Partner

Melbourne, 8 March 2017

The Stables Property Fund

Statement of Comprehensive Income For the half year ending 31 December 2016

	Notes	31 Dec 2016 \$	31 Dec 2015 \$
Revenue			
Rental income		1,275,824	960,331
Amortization of leasing costs		(59,189)	(51,740)
Fair value adjustment on interest rate swap	3(a)	232,100	-
Fair value adjustment on investment property	5	82,007	-
Other income		19,851	4,672
		1,550,593	913,263
Expenses			
Audit and tax fees		(11,107)	(10,085)
Administration and other expenses		(31,580)	(53,480)
Borrowing costs		(260,366)	(309,595)
Custodian fees		(8,513)	(7,500)
Property operating and maintenance expenses		(162,326)	(197,503)
Responsible entity's management fee expense		(90,603)	-
		(564,495)	(578,163)
Net profit for the period		986,098	335,100
Other comprehensive income		-	-
Total comprehensive income for the period		986,098	335,100

The accompanying notes form part of these financial statements.

Statement of Financial Position
For the half year ending 31 December 2016

	Notes	31 Dec 2016 \$	30 June 2016 \$
Assets			
Current assets			
Cash and cash equivalents		1,888,857	718,071
Trade and other receivables		22,853	47,342
Other assets		51,825	2,964,685
Total current assets		1,963,535	3,730,098
Non-current assets			
Investment property	5	28,000,000	28,000,000
Total non-current assets		28,000,000	28,000,000
Total assets		29,963,535	31,730,098
Liabilities			
Current liabilities			
Trade and other payables		112,049	190,254
Distribution payable	4	316,471	323,844
Amount due to related party	6	1,336,377	3,895,312
Borrowings	7	-	2,795,000
Total current liabilities		1,764,897	7,204,410
Non-current liabilities			
Derivative financial instruments	3	47,468	279,568
Secured borrowings	7	12,500,000	12,500,000
Total non-current liabilities		12,547,468	12,779,568
Total liabilities		14,312,365	19,983,978
Net assets		15,651,170	11,746,120
Trust funds			
Unitholders' funds	8	15,649,146	7,086,619
Reserves		(5,008,308)	-
Accumulated profits	9	5,010,332	4,659,501
Total equity		15,651,170	11,746,120

The accompanying notes form part of these financial statements.

The Stables Property Fund

Statement of changes in Equity For the half year ending 31 December 2016

	Unitholders Funds \$	Reserves	Accumulated Profit (Losses) \$	Total Equity \$
Balance at 1 July 2015	7,900,000	-	(28,346)	7,871,654
Net profit attributable to Unitholders	-	-	335,100	335,100
Other comprehensive income	-	-	-	-
Total comprehensive income	7,900,000	-	306,754	8,206,754
Transactions with Unitholders				
Capital raising costs	(682)	-	-	(682)
Distributions to Unitholders	-	-	-	-
Balance at 31 December 2015	7,899,318	-	306,754	8,206,072
Balance at 1 July 2016	7,086,619	-	4,659,501	11,746,120
Net profit attributable to Unitholders	-	-	986,098	986,098
Other comprehensive income	-	-	-	-
Total comprehensive income	7,086,619	-	5,645,599	12,732,218
Transactions with Unitholders				
Redemption of Acquisition Units	(5,999,503)	(5,008,308)	-	(11,007,811)
Issue of Ordinary Units	14,620,065	-	-	14,620,065
Capital raising costs	(58,035)	-	-	(58,035)
Distributions to Unitholders	-	-	(635,267)	(635,267)
Balance at 31 December 2016	15,649,146	(5,008,308)	5,010,332	15,651,170

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the half year ending 31 December 2016

	31 Dec 2016 \$	31 Dec 2015 \$
Cash flows from operating activities		
Rental and outgoings received	1,146,046	737,476
Payments made to suppliers	(392,580)	(177,715)
Interest received	19,851	4,672
Interest paid on finance and interest rate swap	(280,432)	(292,870)
Net cash provided by operating activities	492,885	271,563
Cash flows from investing activities		
Proceeds/(payments) for investment property	87,500	(974,612)
Net cash used in investing activities	87,500	(974,612)
Cash flows from financing activities		
Proceeds (net) received from issue of units	14,621,962	-
Payments for redemption of issued units	(10,000,000)	-
Repayment of borrowings	(2,795,000)	-
Payments of capital raising costs	(593,921)	(682)
Trust distributions paid	(642,640)	-
Net cash (used)/provided by financing activities	590,401	(682)
Net (decrease)/increase in cash held	1,170,786	(703,731)
Cash and cash equivalents at beginning of financial period	718,071	1,313,747
Cash and cash equivalents at end of financial period	1,888,857	610,016

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the half year ending 31 December 2016

Note 1: Basis of preparation of half-yearly financial report

This general purpose interim financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report has also been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

The financial statements are presented in Australian Dollars.

The financial report complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board.

The half-year financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the most recent annual financial report of the Trust.

The significant accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the Trust financial report for the year ended 30 June 2016.

The Trust has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

Note 2: Significant accounting judgments and estimates

The preparation of the Trust's financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The significant accounting policies have been consistently applied in the current financial period and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

Note 3: Fair value estimation

AASB 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability. The different levels of fair value hierarchy have been defined as follows:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgment after considering factors specific to the instrument.

Fair value of investment Property

The Trust has investment property with a carrying value of \$28,000,000 at 31 December 2016 (30 June 2016: \$28,000,000). The investment property constitutes a significant proportion of the total assets of the Trust.

The highest and best use of investment Property is taken into consideration when determining fair values. The highest and best use of investment Property refers to the use of the investment Property by a market participant that would maximise the value of that Property. With respect to the Trust's investment Property, the current use is considered to be the highest and best use. Within this construct, fair value is determined within a range of reasonable estimates utilising both capitalisation of net market income and discounted future cash flow methodologies and comparing the results to market sales evidence.

Notes to the Financial Statements

For the half year ending 31 December 2016

3. Fair value estimation Continued

The most appropriate evidence of fair value is given by current prices in an active market for similar property in the same location and condition and subject to similar leases. Where sufficient market information is not available, or to supplement this information, management considers other relevant information including:

- Current prices for properties of a different nature, condition or location, adjusted to reflect those differences;
- Recent prices of similar properties in a less active market, with adjustments to reflect changes in economic conditions or other factors;
- Capitalised income calculations based on an assessment of current net market income for that property or other similar properties, a capitalisation rate taking into account market evidence for similar properties and adjustments for any differences between market rents and contracted rents over the term of existing leases and deductions for short term vacancy or lease expiries, incentive costs and capital expenditure requirements; and
- Discounted cash flow forecasts including estimates of future cash flows based on current leases in place for that property, historical operating expenses, reasonable estimates of current and future rents and operating expenses based on external and internal assessments and using discount rates that appropriately reflect the degree of uncertainty and timing inherent in current and future cash flows.

The fair value adopted for investment property has been supported by an independent external valuation of that property at April 2016, which is considered to reflect market conditions at balance date 31 December 2016.

The Board conducts investment property valuation process on a yearly basis, or on a more regular basis if considered appropriate and as determined by management in accordance with the valuation policy of the Trust. An independent professionally qualified external valuer undertakes the valuation. The valuer of the property at June 2016 was Knight Frank.

The significant unobservable inputs associated with the valuation of the Group's investment properties (excluding property under construction) are as follows:

Class Property	Valuation Technique	Inputs used to measure Fair Value	Range of Unobservable Inputs
Retail	Discounted cash flow and Income capitalization method	Net Market rent (psm) pa.	\$353
		Adopted capitalization rate	7.00%
		Adopted terminal yield	7.50%
		Adopted discount rate	7.50%

Definitions

Discounted Cash Flow Method	A method in which a discount rate is applied to future expected income streams to estimate the present value
Income Capitalisation Method	A valuation approach that provides an indication of value by converting future cash flows to a single current capital value
Gross Market Rent	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion
Capitalisation Rate	The return represented by the income produced by an investment, expressed as a percentage
Terminal Yield	A percentage return applied to the expected net income following a hypothetical sale at the end of the cash flow period
Discount Rate	A rate of return used to convert a future monetary sum or cash flow into present value

Notes to the Financial Statements

For the half year ending 31 December 2016

3. Fair value estimation Continued

Derivative financial instruments

Derivative financial instruments held by the Trust include "Vanilla" fixed to floating interest rate swap derivatives (over-the-counter derivatives). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

At initial recognition, the Trust measures a financial asset or liability at its fair value. Transaction costs in relation to financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

The fair value of interest rate derivatives has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at balance date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives. All counterparties to interest rate derivatives are Australian financial institutions.

Fair value hierarchy

Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

The table below presents the Trust's financial liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016.

At 31 December 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Liabilities				
Derivative financial instruments				
* Interest rate swaps	-	47,468	-	47,468
Total financial liabilities at fair value	-	47,468	-	47,468

At 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Liabilities				
Derivative financial instruments				
* Interest rate swaps	-	279,568	-	279,568
Total financial liabilities at fair value	-	279,568	-	279,568

There were no transfers between levels of the fair value hierarchy for recurring fair value adjustments during the half-year.

Notes to the Financial Statements

For the half year ending 31 December 2016

3. Fair value estimation Continued

3 (a) Fair value adjustment on interest rate swap

	31 Dec 2016	31 Dec 2015
	\$	\$
Fair value of interest rate swap at period end	47,468	-
Fair value of interest rate swap at period beginning	279,568	-
Fair value adjustment on interest rate swap	232,100	-

Note 4: Distribution to Unitholders

Distributions paid or accrued for the period include:

31 December 2016						
Quarter Ending	Paid Date	Acquisition Units - Cents Per Unit ¹	Ordinary Units - Cents Per Unit ²	Acquisition Units - Distribution \$	Ordinary Units - Distribution \$	Total Distribution \$
30 Sep-16	8 Nov-16	N/a	1.91562	214,200	104,596	318,796
31 Dec-16	8 Feb-17	1.91562	1.91562	109,261	207,210	316,471
			3.83124	323,461	311,806	635,267

1. Ordinary Units received a pro rata distribution at a rate of 7.60% per annum from the unit allotment date in FY 2017.

2. Up until 8 July 2016, acquisition units received a distribution based on the calculation formula outlined in the Trust Deed and after reviewing the Trust's quarterly net profit attributed from operations.

There were no distributions paid for the six month period to 31 December 2015

Note 5: Investment property

As at the 31 December 2016, the Investment Property has been valued as set out below:

Investment Property at fair value

	Acquisition Date	Date of latest Valuation	Independent Valuation \$	Fair Value \$
1495 1497 Golden Grove Road, Golden Grove, SA	N/a	1 April 2016	28,000,000	28,000,000
			28,000,000	28,000,000

The table below illustrates key valuation assumptions used by M3Property, the valuer of the property, in the determination of Investment Property fair value.

Capitalisation rate	7.00%
Average lease expiry by income (years)	5.8 years specialty tenants 14.6 years major tenants
Vacancy rate – specialty tenants	4.00%

More information on the key valuation assumptions can be found in Note 3, Fair Value estimation.

Notes to the Financial Statements

For the half year ending 31 December 2016

Note 5: Investment property Continued

Reconciliation of the carrying amount of Investment Property at the beginning and end of the financial period is set out below:

	31 December 2016	30 June 2016
	\$	\$
Total investment property	28,000,000	28,000,000

Note 6: Amount due to related party

	31 December 2016	30 June 2016
	\$	\$
Placer Property Limited – syndication fee payable	-	535,885
Placer Property Limited – monthly management fee	16,142	-
Placer Equity Pty Ltd – rental guarantee provision	312,424	429,922
Placer Equity Pty Ltd – units to be redeemed	1,007,811	-
The Stables Property Fund – units to be issued *	-	2,929,505
	1,336,377	3,895,312

* At 30 June 2016 The Fund classified all application monies received as at balance date as a liability. The Unit Issue Price under the PDS is \$1 per Unit. \$0.01 is for a partly paid up ordinary unit and \$0.99 instalment monies as security held under the control of an Escrow Agent. The \$0.01 unit is redeemable by the Fund and the \$0.99 security amount is refundable by the Escrow Agent if the minimum subscription amount \$3,500,000 is not raised by the minimum subscription date. The minimum subscription amount of \$3,500,000 was raised on 8 July 2016 and partly paid units converted to fully paid units following that date.

Note 7: Secured borrowings, Non-current

	31 December 2016	30 June 2016
	\$	\$
Bank loan	12,500,000	15,295,000
Total borrowings	12,500,000	15,295,000

Note 8: Unitholders' funds

	Units at 31 Dec 2016	31 Dec 2016 \$	Units at 30 June 2016	30 June 2016 \$
Acquisition units ¹	2,432,331	1,900,498	16,520,562	7,900,000
Ordinary units	14,620,065	14,620,065	-	-
Capital raising costs	-	(871,417)	-	(813,381)
Revaluation reserve – unit values	-	-	-	-
Total Unitholders' funds	17,052,396	15,649,146	16,520,562	7,086,619

1. At 31 December 2016, Acquisition units are partly paid to \$0.7813

2. Under the terms of the PDS, prior to the minimum subscription date, ordinary units were issued on a partly paid basis, initially paid up to \$0.01. The instalment monies being the remaining \$0.99 per ordinary unit was held separately by a related body corporate of the Custodian, as security for the final instalment. Once the minimum subscription date was achieved the Instalment monies were transferred to the Trust and all partly paid ordinary units became fully paid. The minimum subscription date was defined as the date \$3,500,000 was raised from investors. This minimum subscription date was achieved on 8 July 2016

Note 9: Commitments and contingencies

The Trust does not have any other contingent liabilities or contingent assets as at 31 December 2016.

Note 10: Events after the reporting period

The directors of the Responsible Entity are not aware of any other significant events since the end of the reporting period.

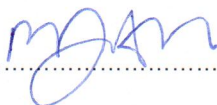
Directors' Declaration

In accordance with a resolution of the directors, the directors of the Responsible Entity declare that:

- 1) The financial statements and notes of The Stable Property Fund ("the Trust"), as set out on pages 5 to 13, are in accordance with the *Corporations Act 2001*, including:
 - a. complying Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Trust's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
- 2) In the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s 303(4) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity



Mark Allan

Director

8 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE DIRECTORS OF PLACER PROPERTY LIMITED AS RESPONSIBLE ENTITY FOR THE STABLES PROPERTY FUND

Report on the half year ended 31 December 2016 Financial Report

We have reviewed the accompanying half-year financial report of The Stables Property Fund (the "Fund"), which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

The directors of Placer Property Limited, the Responsible Entity of The Stables Property Fund, are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Placer Property Limited, the Responsible Entity of The Stables Property Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Conclusion

As this is the first year that The Stables Property Fund is required to prepare a half-year financial report and have it reviewed, we are not in a position to and do not express any assurance in respect of the comparative information for the half-year ended 31 December 2015. We have, however, audited the financial report for the preceding financial year ended 30 June 2016 and therefore our review statement is not qualified in respect of the comparative information for the year ended 30 June 2016 included in the statement of financial position.

Qualified Conclusion

Except for the effect, if any, on the comparatives for the preceding corresponding half-year that may result from the qualification in the preceding paragraph, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Stables Property Fund is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Fund's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads "ShineWing Australia".

ShineWing Australia
Chartered Accountants

A handwritten signature in blue ink, likely belonging to Rami Eltchelebi.

Rami Eltchelebi
Partner

Melbourne, 10 March 2017