

The Stables Property Fund
(Formerly Syndicate 1)

ARSN 167 742 672

Responsible Entity

Placer Property Limited

Financial Report

For the year ended 30 June 2016

Contents

	Page
Directors' Report	2
Auditor's Independence Declaration	5
Statement Of Comprehensive Income	6
Statement Of Financial Position	7
Statement of changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	
Note 1: Summary Of Significant Accounting Policies	10
Note 2: Revenue and other income	16
Note 3: Expenses	16
Note 4: Cash and cash equivalents	16
Note 5: Trade and other receivables	17
Note 6: Other assets	17
Note 7: Investment property	17
Note 8: Trade and other payables	18
Note 9: Distribution payable	19
Note 10: Amount due to related party	19
Note 11: Derivative financial instruments	19
Note 12: Secured borrowings	19
Note 13: Unitholders' funds	20
Note 14: Accumulated profits(losses)	20
Note 15: Cash flow information	21
Note 16: Related party disclosures	21
Note 17: Financial risk management	23
Note 18: Fair value measurement	25
Note 19: Contingent liabilities and contingent assets	27
Note 20: Events after the reporting period	27
Note 21: Additional information	28
Directors' Declaration	29
Independent auditor's report	30

Directors' Report

For the Year ended 30 June 2016

The directors of Placer Property Limited, the responsible entity of The Stables Property Fund (**"the Trust"**), present the financial report on the Trust for the year ended 30 June 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.

Managed Investment Scheme

The Trust, previously known as Syndicate 1, was constituted on 3 July 2013 and registered with the Australian Securities and Investments Commission on 11 February 2014, and is a registered managed investment scheme domiciled in Australia (ARSN 167 742 672).

Directors

The names of the directors of the Responsible Entity since incorporation are listed below, including their appointment dates.

• Michael Arthur Herskope	Chairman	Appointed 3 July 2013
• Mark Dominic Allan	Non Executive Director	Appointed 20 January 2014
• Mario Ross Papaleo	Joint Managing Director	Appointed 3 July 2013
• David Andrew Omond	Joint Managing Director	Appointed 3 July 2013
• Gregory John Marks	Non Executive Director	Appointed 3 June 2015

Principal activities

The principal activity of the Trust is to provide Unitholders' with sustainable and considerably tax deferred income with the potential for capital growth through an investment in a Neighbourhood Shopping Centre located at Golden Grove, Adelaide, South Australia.

Significant changes in the State of Affairs

The Trust was established to acquire land at Golden Grove in South Australia and construct a neighbourhood shopping centre on the site. The shopping centre partially opened for trading in April 2015 when the Woolworths tenancy and a number of the specialty tenancies opened to the public. During 2016 the following activities occurred:

- Eight specialty tenancies completed shop fit-outs and opened for trading;
- On 18 April 2016 the Trust's name was changed from Syndicate 1 to The Stables Property Fund and the 8,200,000 ordinary units on issue were split and re issued as 16,520,562 acquisition units; and
- The Trust issued a Product Disclosure Statement on 9 May 2016 to raise \$16,520,562 by issuing 16,520,562 \$1.00 ordinary units. The proceeds of the offer will be used to repay the current equity holders (acquisition unitholders), reduce debt and fund the costs associated with the capital raising.

Review of operations and results

The Trust recorded a total comprehensive income for the period of \$5,471,691. The positive result was primarily due to rent received from tenants and a net property revaluation increment, partly offset by Property operating costs, interest expense and Responsible Entity fees.

The total comprehensive income for the year includes a number of items which are non-cash in nature, occur infrequently and or relate to realised and unrealised changes in asset values and 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.

Directors' Report

For the Year ended 30 June 2016

Review of operations and results (continued)

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.

	2016 \$'000	2015 \$'000
Total comprehensive income for the period – refer page 6	5,472	12
Fair value adjustments		
· Investment property	(4,903)	-
· Interest rate swap	280	-
Total fair value adjustments	(4,623)	-
· Straight lining of rental income, non cash	(122)	(12)
Amortisation of leasing costs, non cash	260	-
Total non cash adjustments	138	(12)
Total profit attributable from operations	987	-

	2016 Cents	2015 Cents
Earnings and distribution per unit		
Profit per unit	0.3312	0.000
Profit attributable from operations per unit	0.0596	0.1474
Distribution per unit	0.0474	0.1474

Refer to Note 9, Distributions payable for further details

Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial period that significantly affect 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.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines set out in its Product Disclosure Statement and in accordance with the provisions of its Constitution. Future results will accordingly depend on the performance of the property markets to which the Trust is exposed.

Environmental regulation

To the best of the directors' knowledge, the operations of the Trust have been undertaken in compliance with the applicable environmental regulations that apply to the Trust's activities.

Fees to Responsible Entity

All fees payable to the Responsible Entity or its related parties are detailed in Note 16.

Options granted

No options over Ordinary or Acquisition Units have been issued since the Trust inception date to the date of this report.

Units held by the Responsible Entity

As at 30 June 2016 the Responsible Entity and its related parties held units in the Trust, as set out in Note 16.

Indemnification of directors and officers

No indemnification has been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the Trust. No insurance premiums have been paid out of the assets of the Trust in regards to insurance provided to the Responsible Entity.

Directors' Report

For the Year ended 30 June 2016

Value of Trust Assets

The total value of the Trust's assets at the end of the reporting period is \$31,730,098.

The valuation methodology in valuing the assets is detailed in Notes 1, 7 and 18 to the financial statements.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings.

The Trust was not a party to any such proceedings during the period.

Issued units

The following table displays the movement in units for the financial year ending 30 June 2016.

Date	Event	Acquisition Units	Ordinary Units	Total Units
30 June 2015	End of period	-	8,200,000	8,200,000
18 April 2016	Unit split	16,520,562	(8,200,000)	16,520,562
30 June 2016	Issued units *	-	-	-
30 June 2016	End of period	16,520,562	-	16,520,562

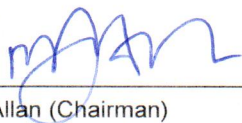
* Under the terms of the PDS, prior to the minimum subscription date, ordinary units were issued on a partly paid basis, initially paid up to \$0.01. The remaining \$0.99 per ordinary unit paid by investors (Instalment monies) was held separately by a related body corporate of the Custodian, as security for the final instalment. Once the minimum subscription date is achieved the Instalment Monies will be transferred to the Trust and all partly paid ordinary units will become fully paid.

The minimum subscription date was defined as the date the minimum subscription amount being \$3,500,000 was raised from investors. This minimum subscription date was achieved on 8 July 2016.

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 5. 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 (Chairman)

16th September 2016

**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 year ended 30 June 2016 there has been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi

Rami Eltchelebi
Partner

Melbourne, 16 September 2016

Statement of Comprehensive Income
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue			
Rental income	2	2,265,574	322,848
Other net income	2	16,297	1,867
Amortisation of leasing costs		(260,033)	-
Fair value adjustment on investment property	7	4,903,190	-
		6,925,028	324,715
Expenses			
Accounting, compliance & taxation fees		(62,420)	(38,857)
Administration and other expenses		(62,921)	-
Borrowing costs	3	(617,980)	(158,994)
Custodian fees		(20,152)	(15,000)
Fair value on interest rate swap	11	(279,568)	-
Property operating and maintenance expenses		(385,296)	(100,217)
Responsible entity's management fee		(25,000)	-
		(1,453,337)	(313,068)
Net profit for the year		5,471,691	11,647
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the year		5,471,691	11,647

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	718,071	1,313,747
Trade and other receivables	5	47,342	19,743
Other assets	6	2,964,685	34,410
TOTAL CURRENT ASSETS		3,730,098	1,367,900
NON-CURRENT ASSETS			
Investment property	7	28,000,000	22,558,740
TOTAL NON-CURRENT ASSETS		28,000,000	22,558,740
TOTAL ASSETS		31,730,098	23,926,640
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	190,254	639,986
Distribution payable	9	323,844	-
Amounts due to related parties	10	3,895,312	-
Borrowings	12	2,795,000	-
TOTAL CURRENT LIABILITIES		7,204,410	639,986
NON-CURRENT LIABILITIES			
Derivative financial instruments	11	279,568	-
Borrowings	12	12,500,000	15,415,000
TOTAL NON-CURRENT LIABILITIES		12,779,568	15,415,000
TOTAL LIABILITIES		19,983,978	16,054,986
NET ASSETS		11,746,120	7,871,654
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
Unitholders' funds	13	7,086,619	7,900,000
Accumulated profits/(losses)	14	4,659,501	(28,346)
TOTAL EQUITY		11,746,120	7,871,654

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2016

	Unitholders' Funds \$	Accumulated profits/(losses) \$	Total \$
Balance at 1 July 2015	7,900,000	(28,346)	7,871,654
Net profit attributable to unitholders'	-	5,471,691	5,471,691
Total comprehensive income for the year	-	5,471,691	5,471,691
Transactions with unitholders'			
Distribution to unitholders'	-	(783,844)	(783,844)
Capital raising costs	(813,381)	-	(813,381)
Total transactions with unitholders'	(813,381)	4,687,847	3,874,466
Balance at 30 June 2016	7,086,619	4,659,501	11,746,120
Balance at 1 July 2014	7,900,000	(39,993)	7,860,007
Net profit attributable to unitholders'	-	11,647	11,647
Total comprehensive income for the year	-	11,647	11,647
Transactions with unitholders'			
Distribution to unitholders'	-	-	-
Total transactions with unitholders'	-	-	-
Balance at 30 June 2015	7,900,000	(28,346)	7,871,654

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year end 30 June 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Rents received from tenants		2,294,807	291,090
Payments made to suppliers		(1,177,904)	(205,516)
Interest received		16,297	5,503
Borrowing costs paid		(560,682)	(125,292)
Net cash used in operating activities	15	572,518	(34,215)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of land		-	250,000
Payments for property acquisition and development		(306,425)	(13,150,696)
Net cash used in investing activities		(306,425)	(12,900,696)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(120,000)	-
Distributions paid		(460,000)	-
Capital raising costs paid		(281,769)	-
Proceeds from borrowings		-	13,977,912
Net cash provided by financing activities		(861,769)	13,977,912
Net (decrease)/increase in cash held		(595,676)	1,043,001
Cash and cash equivalents at beginning of financial period		1,313,747	270,746
Cash and cash equivalents at end of financial year	4	718,071	1,313,747

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and notes represent those of The Stables Property Fund (formerly Syndicate 1) ("the Trust") as an individual entity. The Stables Property Fund is an unlisted registered managed investment scheme registered under the *Corporations Act 2001*, established and domiciled in Australia. Placer Property Limited, which is the responsible entity of the Trust, is an unlisted public company incorporated under the *Corporations Act 2001*.

The financial statements were authorised for issue on 16 September 2016 by the directors of the responsible entity.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB), and the Trust's Constitution. The Trust is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

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

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

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

Accounting Policies

a. Income Tax

Under current tax legislation, the Trust is not liable to pay income tax as unitholders' are presently entitled to the income of the Trust and income of the Trust is fully distributable to unitholders'. (See Note 1(g) for further details on distributions and income tax.)

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

c. Fair Value of Assets and Liabilities

The Trust measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Trust would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Non-current Assets classified as held for sale

When the Trust intends to sell a non-current asset or a group of assets, and if sale within twelve (12) months is highly probable, the asset or group of assets are classified as 'held for sale' and presented separately in the statement of financial position. Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal assets group.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Trust's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of asset is presented as part of a single line item, profit or loss from sale of asset.

e. Investment property and lease incentives

Investment property

The Property will be recognised at fair value (being the valuation price). Any changes resulting from revaluation will be recorded in the Statement of Comprehensive Income. The carrying value of the Property recorded in the Statement of Financial Position includes straight lining of rental income in respect of fixed increase in rentals in future periods. Refer to Note 18 c for further details.

Lease Incentives

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including rent-free periods, upfront cash payments, or a contribution to certain lessee cost such as a fit-out contribution. Incentives are capitalised as an asset and amortised over the term of the lease as an adjustment to net rental income.

f. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the Trust commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and subsequent measurement

Financial instruments are subsequently measured at amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayment made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments Continued

(i). *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii). *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process as well as when the financial liability is derecognised.

Impairment of financial assets

At the end of each reporting period the responsible entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the directors of the responsible entity establish that the carrying amount cannot be recovered by any means, at that point the anticipated loss is charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Trust recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss event that has occurred is duly considered.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. **Unitholders' Funds**

As the units satisfy all of the criteria for recognition as puttable financial instruments under paras 16A and 16B of AASB 132: *Financial Instruments: Presentation*, unitholders' funds are classified as equity. Units are measured at their issue price.

Applications and redemptions of units

Applications received for units are recorded net of any entry fees payable prior to the issue of units. Redemptions are recorded after the cancellation of the corresponding redeemed units. The application and redemption prices of units are determined on the basis of the value of the Trust's net assets on the date of the application or redemption divided by the number of units on issue on that date. A full description of the method used to calculate application and redemption prices of units is provided in the Trust's Product Disclosure Statement and the Trust's Constitution. Refer to Note 9 for further discussion of the features of the units.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Distribution to Unitholders

The Trust's Constitution requires that the Trust distribute, at a minimum, the "net income" (as defined in the *Income Tax Assessment Act 1936*) derived during the financial period. This means the net assessable income of the Trust is fully distributable to the unitholders, either by way of cash or reinvestment (ie unitholders are entitled to the entire profit of the Trust). Accordingly, the Trust does not pay income tax provided that the distributable income of the Trust is fully distributed to unitholders.

i. Impairment of Non-financial Assets

At each reporting date, and whenever events or changes in circumstances occur, the Trust assesses whether there is any indication that an asset may be impaired. When an indicator of impairment exists, the Trust makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

j. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Trust that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k. Revenue and Other Income

Rental revenue

Property rental income represents income earned from the rental of Trust property (inclusive of outgoings recovered from tenants) and is recognised on a straight-line basis over the lease term. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

l. Trade Receivables

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of financing and investing activities, which is recoverable from, or payable to, the ATO is presented as operating cash flows included in receipts from customers or payments to suppliers.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Fair value measurement

The Trust has applied AASB 13: *Fair Value Measurement* and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transitional requirements in AASB 13.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

No material adjustments to the carrying amounts of any of the Trust's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the Trust's financial statements.

o. Net working capital deficiency

The Trust has a net working capital deficiency at 30 June 2016 of \$3,474,312 (current assets less current liabilities). This is predominantly due to a debt repayment of \$2,795,000, transaction fee payable \$535,885 and a liability for application monies received not yet converted to equity \$2,929,505. The liabilities were settled in full in July 2016 on receipt of syndication fund monies received. The net working capital deficiency has been remedied subsequent to year end.

p. Significant Accounting Judgements

Key judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The areas involving significant estimates or judgments are:

- Derivative financial instruments – Note 1 f;
- Investment properties – Note 1 e; and
- Fair value estimation – Note 1 c.

q. New Accounting Standards for Application in Future Periods

– AASB 9: *Financial Instruments* (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Trust on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Trust's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. New Accounting Standards for Application in Future Periods Continued

- *AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1st January 2017)*

This standard, when effective, will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of AASB 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the performance obligation is satisfied.

AASB 15 also requires enhanced disclosures regarding revenues.

This standard will require retrospective restatement and is available for early adoption.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impacts.

- *AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The new Standard does not make any significant changes to lessor accounting and as such is only expected to impact lease accounting from a lessee's perspective. AASB 16 is therefore not expected to significantly impact the Scheme's financial statements.

Notes to the Financial Statements
For the year end 30 June 2016

	2016 \$	2015 \$
NOTE 2: REVENUE, OTHER INCOME		
Revenue		
Rental income and outgoings recovery	2,110,323	310,833
Straight lining of rental income	122,130	12,015
Rental guarantee income	33,121	-
	2,265,574	322,848

Other income		
Interest income	16,297	5,503
Net sale of land	-	(3,636)
	16,297	1,867

NOTE 3: EXPENSES

Borrowing costs		
Bank fees	300	532
Borrowing costs	648	50,369
Interest	617,032	108,093
	617,980	158,994

Auditors remuneration		
Remuneration paid and payable to the auditor of the Trust is as follows:		
Auditing or reviewing the financial statements	10,750	9,000
Other services (Compliance plan)	3,500	3,750
	14,250	12,750

NOTE 4: CASH AND CASH EQUIVALENTS

Current		
Cash at bank and on hand, non-interest bearing	-	843,428
Cash at bank, interest bearing at 2.0% interest (2015: 2.0% interest)	718,071	470,319
	718,071	1,313,747

The weighted average effective interest rate on interest bearing account was 2.0% (2015: 2.0%). Cash at bank does not attract interest.

Cash at the end of the financial period as shown in the statement of cash flows is reconciled to amounts shown in the statement of financial position as follows:

Balance per the statement of cash flows	718,071	1,313,747
Reconciling items	-	-
Balance per the statement of financial position	718,071	1,313,747

Notes to the Financial Statements
For the year end 30 June 2016

	2016	2015
	\$	\$
NOTE 5: TRADE AND OTHER RECEIVABLES		
Current		
Rent receivable	70,499	19,743
Less provision for doubtful debts	(23,157)	-
	47,342	19,743

Trade and other receivables are usually non-interest bearing, unsecured and generally payable on no more than 30 day terms.

Past due but not impaired receivables - At balance date no trade and other receivables were past due but not impaired.

Impaired receivables - At balance date, other than a debtor that has been provided for as a doubtful debt, no other receivables have been determined to be impaired.

Credit Risk - The Trust has no significant credit risks identified at 30 June 2016. The rent receivable balances outstanding are within the terms of the rental agreements and are considered to be of high credit quality.

NOTE 6: OTHER ASSETS

Current		
TFN withholding credits	197	197
GST receivable	-	15,187
Applications account: capital raising monies *	2,943,778	-
Other receivables held by property manager	1,884	-
Prepayments	18,826	19,026
	2,964,685	34,410

- The applications account is a bank account in escrow with and under the control of the Custodian and as such has not been reported as Cash and Cash equivalents.

NOTE 7: INVESTMENT PROPERTY

Non-Current

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
Total				28,000,000

Note 18 illustrates key valuation assumptions used by M3Property, the valuer, in the determination of Investment Property fair value.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 7: INVESTMENT PROPERTY CONTINUED

The Trust acquired land in 2013 for the purpose of commercial property development. Property purchases and costs incurred to develop the land including construction costs subcontracted, professional fees and costs, legal costs, holding, marketing, borrowing costs and management fees were capitalised and recognised as an asset which was carried at cost up to May 2016.

More information on the key valuation assumptions can be found in note 18 c.

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

	2016	2015
	\$	\$
Balance at beginning	22,558,740	9,490,874
Additions at cost	77,761	12,399,543
Capex	149,152	-
Unamortized leasing costs	189,027	656,308
Straight lining of rental income	122,130	12,015
Fair value adjustment	4,903,190	-
Balance at end of the year	28,000,000	22,558,740

Leases as lessor

The investment Property is subject to agreements to lease to tenants for long terms with rentals payable monthly. Minimum lease payments under the non-cancellable operating leases of the investment Property not recognised in the financial statements are receivable as follows

	2016	2015
	\$	\$
Within one year	2,323,875	2,085,188
Later than one year but not later than five years	9,349,936	9,403,351
Later than five years	18,940,862	21,211,322
Total leases as lessor	30,614,673	32,699,861

NOTE 8: TRADE AND OTHER PAYABLES

Current

Trade payables	31,960	29,195
Accrued expenses	148,294	610,791
Unit application monies received	10,000	-
	190,254	639,986

(a) Financial liabilities at amortised cost classified as trade and other payables

Total trade and other payables - current	31,960	29,195
Less application monies received	-	-
Financial liabilities as trade and other payables	31,960	29,195

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 9: DISTRIBUTIONS PAYABLE

		2016	2015
		\$	\$
Distribution payable		323,844	-

Distributions paid or accrued for the year include:

Quarter Ending	Paid Date	Ordinary Units - Cents Per Unit ¹	Acquisition Units - Cents Per Unit ²	Ordinary Units \$'000	Acquisition Units \$'000	Total Distribution \$'000
31 March-16	9 May-16	-	N/a		460,000	460,000
30 Jun-16 ³	8 Aug-16	7.60%	N/a	13,929	309,915	323,844
Total				13,929	769,915	783,844

1. Ordinary units received a pro rata distribution at a rate of 7.60% per annum from unit allotment date for the period to 30 June 16.
2. Acquisition units were paid a distribution based on director's assessment after reviewing the Trust's quarterly Net profit attributable from operations.
3. The June 2016 quarter distribution is paid in the 2017 financial year.

	2016	2015
	\$	\$
NOTE 10: AMOUNT DUE TO RELATED PARTY		
Current		
Placer Property Limited – syndication fee payable	535,885	-
Placer Equity Pty Ltd – rental guarantee provision	429,922	-
The Stables Property Fund – units to be issued *	2,929,505	-
	3,895,312	-

* The Fund has 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 11: DERIVATIVE FINANCIAL INSTRUMENTS

Non current	279,568	-
Interest rate swap	279,568	-

The Trust has entered into interest rate swaps totalling \$12,500,000 that entitle it to either receive/pay interest, at quarterly intervals, at a floating rate on a notional principal amount and oblige it to pay interest at a fixed rate on the same amount. The interest rate swap agreements allow the Trust to raise long-term borrowings at a floating rate and effectively swap them into fixed rate.

Hedge accounting has not been applied to the interest rate swaps and accordingly, changes in the fair value of the swap contracts are recorded in the statement of comprehensive income. Notwithstanding the accounting outcome, the Responsible Entity considers these contracts are appropriate and effective in offsetting the economic interest rate exposures of the Trust.

NOTE 12: SECURED BORROWINGS

Current		
Bank loan	2,795,000	-
Non-current		
Bank loan	12,500,000	15,415,000
Total borrowings	15,295,000	15,415,000

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 12: SECURED BORROWINGS CONTINUED

On 10 June 2015 the Trust secured cash advance facility with a facility limit of \$15,415,000. This facility has a 5 years term from the Shopping Centre's practical completion. The practical completion referred to 30 days after Woolworths commence trading on 15 April 2015. The interest only facility has interest accrued and payable quarterly in arrears, and a line fee component accrued and paid monthly. The variable interest rate inclusive of 1.65% margin applied with an average interest rate to 30 June 2016 of 2.43% is 4.08%. The facility limit will be reduced to \$12,500,000 when the minimum subscription date is achieved. The minimum subscription date is the date the minimum subscription amount being \$3,500,000 was raised from investors. This minimum subscription date was achieved on 8 July 2016.

The loan facility is secured by a fixed and floating charge over the assets of the Trust
With this secured borrowing, the Trust has entered into interest rate swaps totalling \$12,500,000 that entitle the Trust to either receive/pay interest, at quarterly intervals, at a floating rate on a notional principal amount and oblige it to pay interest at a fixed rate on the same amount. Refer to Note 11.

As at 30 June 2016, the Trust had access to:

Credit facility

Cash advance facility	15,295,000	15,415,000
Drawn balance	(15,295,000)	15,415,000
Undrawn balance	-	-

NOTE 13: UNITHOLDERS' FUNDS

	Units at 30 June 2016	2016 \$	Units at 30 June 2015	2015 \$
Units on issue				
• Acquisition units ¹	16,520,562	7,900,000	-	-
• Ordinary units ²	-	-	8,200,000	7,900,000
Capital raising costs	-	(813,381)	-	-
	16,520,562	7,086,619	8,200,000	7,900,000

- On 18 April 2016, the 8,200,000 ordinary units on issue were re issued as 16,520,562 acquisition units, partly paid to \$0.7813 per acquisition unit
- 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 is achieved the Instalment monies will be transferred to the Trust and all partly paid ordinary units become 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.

Capital management

The Trust regards net assets attributable to Unitholders' as its capital. The objective of the Trust is to provide Unitholders' with sustainable and considerably tax deferred income with the potential for capital growth through an investment in an Neighbourhood Shopping Centre located in Golden Grove South Australia.

	2016 \$	2015 \$
NOTE 14: ACCUMULATED PROFITS/(LOSSES)		
Opening balance	(28,346)	(39,993)
Comprehensive income for the year	5,471,691	11,647
Distributions paid and payable	(783,844)	-
Closing balance	4,659,501	(28,346)

Notes to the Financial Statements

For the year end 30 June 2016

NOTE 15: CASH FLOW INFORMATION

Reconciliation of cash flow from operating activities with loss for the year

Net profit for the year	5,471,691	11,647
Non-cash flows in profit		
Straight lined rental income	(122,130)	-
Fair value adjustment on interest rate swap	279,568	-
Fair value adjustment on investment property	(4,903,190)	-
Amortisation of leasing costs	260,033	-
Loss on sale of land	-	3,636
Changes in assets and liabilities:		
Increase in trade and other receivables	(14,297)	(31,758)
Increase in other assets	(449,060)	
Increase/(decrease) in prepayments	201	(19,027)
Increase in trade and other payables	49,702	1,287
Net cash provided by operating activities	572,518	(34,215)

NOTE 16: RELATED PARTY DISCLOSURES

a. **Responsible Entity, the Manager and Placer Equity**

The Responsible Entity of the Trust is Placer Property Ltd, which has outsourced a number of the Trust's management functions to Placer Property Management Pty Ltd ("The Manager"). Placer Property Management Pty Ltd is a related party.

b. **Key management personnel**

The Trust and the Responsible Entity do not employ personnel in their own right. The Trust has appointed the Responsible Entity, Placer Property Limited to manage the activities of the Trust. The directors of the Responsible Entity are listed below and were not paid director fees:

- | | |
|---------------------------|------------------------|
| • Michael Arthur Herskope | Chairman |
| • Mark Dominic Allan | Non Executive Director |
| • Mario Ross Papaleo | Executive Director |
| • David Andrew Omond | Executive Director |
| • Gregory John Marks | Non Executive Director |

c. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively, with their close family members. Other related parties also include any entities controlled, jointly controlled or significantly influenced by the Responsible Entity, any of the Responsible Entity's parent entities and any entities that, together with the Responsible Entity, are subject to common control by another entity.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 16: RELATED PARTY DISCLOSURES CONTINUED

d. Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (i.e. at arm's length) unless the terms and conditions disclosed below specifically indicate otherwise. The following transactions occurred with related parties and are in accordance with the Product Disclosure Statement:

	2016	2015
	\$	\$
Transactions with Placer Property Limited		
Project management fees capitalised	-	123,000
Asset acquisition fee capitalised	-	145,000
Leasing fee capitalised	-	81,125
Management fees paid/payable	25,000	-
Capital raising transaction fee	535,885	-

Transactions with Placer Equity Pty Ltd

Rental guarantee	429,922	-
------------------	----------------	---

Amounts payable to related parties at the end of the financial year are disclosed in Note 8 and 10 include \$15,660 in management fees, \$535,885 in transaction fees payable to Placer Property Limited (\$0: 2015) and \$429,922 rental guarantee at 30 June 2016 payable to Placer Equity Pty Ltd. (\$0: 2015).

e. Other related parties

There were no transactions or outstanding balances with any entities controlled, jointly controlled or significantly influenced by the Responsible Entity, any of its parent entities and any entities that are subject to common control by the Responsible Entity, or any other related party.

f. Compensation

No amount is paid by the Trust directly to the directors of the Responsible Entity. Accordingly, no compensation as defined in AASB 124: *Related Party Disclosures* is paid by the Trust to the directors as key management personnel.

g. Director's equity holdings

No units were held by directors of the Responsible Entity in office at 30 June 2016 (directly or indirectly).

h. Related entity's equity holdings

All of the acquisition units are held by Placer Equity Pty Ltd who is a related party of the Responsible Entity.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 17: FINANCIAL RISK MANAGEMENT

The Trust's financial instruments consist primarily of cash and cash equivalents, accounts receivable and payable, derivative financial instruments and secured borrowings. The Trust is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, interest rate risk (market risk) and liquidity risk.

The Trust's risk management and investment policies, approved by the directors of the Responsible Entity, aim to assist the Trust in meeting its financial targets while minimising the potential adverse effects of these risks on the Trust's financial performance. The Trust uses interest rate swaps to manage its financial risk as permitted under the financial risk management policy. Such instruments are used exclusively for hedging purposes i.e. not for trading for speculative purposes. The Trust holds the following financial instruments:

	Note	2016 \$	2015 \$
Financial assets			
Cash and cash equivalents	4	718,071	1,313,747
Trade and other receivables	5	47,342	35,127
Other assets – applications account	6	2,943,778	-
		3,709,191	1,348,874
Financial liabilities			
Trade and other payables	8	190,254	639,986
Distribution payable	9	323,844	-
Amounts due to related parties	10	3,895,312	-
Derivative financial instruments	11	279,568	-
Secured borrowings	12	15,295,000	15,415,000
		19,983,978	16,054,986

Specific Financial Risk Exposures and Management

a. Credit risk

Credit risk is managed by the Trust through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. To this end, the financial stability of clients and counterparties is monitored and assessed on a regular basis.

The Trust's maximum credit risk exposure at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. Refer to Note 5 for further details on the Trust's exposure to credit risk arising from trade receivables.

Apart from the secured borrowings, the Trust has limited concentrations of credit risk with any single counterparty or group of counterparties.

Trade receivables that are neither past due nor impaired are considered to be of high credit quality.

b. Liquidity risk

Liquidity risk arises if the Trust has insufficient liquid assets to meet its short term obligations. Liquidity risk is managed by maintaining sufficient cash balances and adequate committed credit facilities. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The instruments entered into by the Trust were selected to ensure sufficient funds would be available to meet the ongoing cash requirements of the Trust.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Cash flows realised from financial assets reflect management's expectations as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 17: FINANCIAL RISK MANAGEMENT CONTINUED

Financial liability and financial asset maturity analysis

	Within 1 year \$	1 to 5 years \$	Total \$
Financial liabilities due			
Trade and other payables	190,254	-	190,254
Derivative financial instruments	-	279,568	279,568
Amounts due to related parties	3,895,312	-	3,895,312
Distribution payable	323,844	-	323,844
Secured borrowings	2,795,000	12,500,000	15,295,000
Total expected outflows	7,204,410	12,779,568	19,983,978
Financial assets realisable			
Cash and cash equivalents	718,071	-	718,071
Trade receivables	47,342	-	47,342
Total anticipated inflows	765,413	-	765,413
Net inflows/(outflows)	(6,438,997)	(12,779,568)	(19,218,565)

c. Market risk

Interest rate risk

The Trust's interest-rate risk will primarily arise from borrowings. Borrowings issued at variable rates will expose the Trust to cash flow interest rate risk. Borrowings issued at fixed or capped rates will expose the Trust to fair value interest rate risk. The Trust's policy is to effectively maintain hedging arrangements of its borrowings where it is considered appropriate and cost effective to do so.

The Trust manages its cash flow interest rate risk by using interest rate swaps. Interest rate swaps have been put in place in anticipation of borrowings occurring in the near future. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed or capped rates. The Trust will raise long term borrowings at floating rates and will swap them into fixed rates. Under the interest rate swaps, the Trust agrees with other parties to exchange, at specified intervals (usually 3 month), the difference between fixed rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Under the contracts, the Trust will effectively pay interest on notional swap amounts for the period 22 March 2016 to 5 June 2020, at fixed rates of 4.08% with the counterparties paying at the variable 90 days bank bill swap bid rate, which at balance date 30 June 2016 was 2.00%

The Trust has exposure to interest rate risk on its monetary assets and liabilities, mitigated by the use of interest rate swaps, as shown in the table below:

	2016 \$	2015 \$
Floating rate		
Cash and cash equivalents	718,071	1,313,747
Secured borrowings	(15,295,000)	(15,415,000)
	(14,576,929)	(14,101,253)
Derivative financial instruments		
Interest rate swap – floating to fixed (notional amount)	12,500,000	-
Interest rate swap on cash flow hedge - fair value	279,568	-
	12,779,568	-
Net exposure	(1,797,361)	(14,101,253)

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 17: FINANCIAL RISK MANAGEMENT CONTINUED

Sensitivity

As the Trust is fully hedged against interest rate risk to the secured borrowings, the only sensitivity analysis applicable is the impact of interest rate risk to the fair value calculation of the interest rate swap.

The following table details the Trust's sensitivity to movements in the interest rates, based on the interest rate swap at balance date with all other variables held constant.

	Profit/(loss)	Equity	Profit/(loss)	Equity
Fair value of interest rate swap	2016	2016	2015	2015
	\$	\$	\$	\$
Interest rates increased by 100 basis points	480,000	480,000	-	-
Interest rates decreased by 100 basis points	(480,000)	(480,000)	-	-

NOTE 18 FAIR VALUE MEASUREMENT

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition.

- Investment Property, refer to Note 7
- Derivative financial instruments, refer to Note 11

a. Fair Value Hierarchy

AASB 13: *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	Level 3
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.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The following tables provide the fair values of the Trust's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

30 June 2016					
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
<i>Assets</i>					
Investment Property	7	-	-	28,000,000	28,000,000
Total assets at fair value		-	-	28,000,000	28,000,000
<i>Liabilities</i>					
Derivative financial instruments					
• Interest rate swaps	11		279,568	-	279,568
Total liabilities at fair value		-	279,568	-	279,568

There were no transfers between levels of the fair value hierarchy during the financial year.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 18 FAIR VALUE MEASUREMENT CONTINUED

Disclosed fair values:

The fair value of investment Property (Level 3) and derivative financial instruments (Level 2) is disclosed in the statement of financial position.

The carrying amounts of trade and other receivables and other current assets, trade and other payables are assumed to approximate their fair values due to their short-term nature.

The Trust holds no Level 1 assets or liabilities.

b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Fair value of derivative financial instruments

Level 2 assets 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.

c. Valuation Techniques and Inputs Used to Measure Level 3 Fair Values

Fair value of investment Property

If one or more of the significant inputs is not based upon observable market data the asset or liability is included in Level 3. The Trust holds no Level 3 financial instruments. However, the Trust has investment Property with a carrying amount of approximately \$28,000,000 that is valued using techniques whereby at least one significant input is not observable market data, and hence they are considered to be Level 3 assets for the purposes of fair value measurement.

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.

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.

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. For April 2016 the valuer undertaking the property valuation was M3Property.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 18 FAIR VALUE MEASUREMENT CONTINUED

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

Class Property	Fair Value Hierarchy	Valuation Technique	Inputs used to measure Fair Value	Range of Unobservable Inputs
Retail	Level 3	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

Sensitivity Analysis

Significant Impact	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Net Market Rent (psm) pa.	Increase	Decrease
Adopted capitalization rate	Decrease	Increase
Adopted terminal yield	Increase	Decrease
Adopted discount rate	Decrease	Increase

NOTE19: RECURRING & NON-RECURRING CONTINGENT LIABILITIES & ASSETS

The Trust does not have any other contingent liabilities or contingent assets as at 30 June 2016.

NOTE 20: 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 year.

Notes to the Financial Statements
For the year end 30 June 2016

NOTE 21: ADDITIONAL INFORMATION

The registered office of the company is:
Placer Property Limited
Level 2, 35 Little Bourke Street
Melbourne 3000

The principal place of business of the company is:
Placer Property Limited
Level 2, 35 Little Bourke Street
Melbourne 3000

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 Stables Property Fund ("the Trust"), as set out on pages 6 to 28, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the period ended on that date of the Trust
- 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 295(5) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity



Mark Allan

16 September 2016

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

Report on the Financial Report

We have audited the accompanying financial report of The Stables Property Fund, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Responsible Entity.

Directors' Responsibility for the Financial Report

The directors of Placer Property Limited, the Responsible Entity of The Stables Property Fund, 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 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 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 of the Responsible Entity, 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*.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Placer Property Ltd as 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.

Opinion

In our opinion the financial report of The Stables Property Fund is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of The Stables Property Fund's financial position as at 30 June 2016 and of its performance for year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

ShineWing Australia

ShineWing Australia
Chartered Accountants



Rami Eltchelebi
Partner

Melbourne, 23 September 2016