NewActon East Property Fund

ARSN - 601 457 229

Responsible Entity

Placer Property Limited

Financial Report
For the period 28 July 2014 to 30 June 2015

Contents

Directors' Report
For the Period 28 July 2014 to 30 June 2015

The directors of Placer Property Limited, the responsible entity of NewActon East Property Fund ("the Trust"), present the first financial report on the Trust for the period 28 July 2014 to 30 June 2015.

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.

Financial period

The Trust was constituted on 28 July 2014 and registered with the Australian Securities and Investments Commission on 9 September 2014 and is a registered managed investment Trust domiciled in Australia. The Trust Product Disclosure Statement ("PDS") is dated 24 September 2014. The financial report is the first annual financial report prepared by the Trust. As such there are no comparatives.

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
• Greg 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 an A-Grade office building located in the Canberra Central Business District.

Significant Changes in the State of Affairs

During the financial period there were no significant changes in the state of affairs of the Trust.

Review of operations and results

The Trust was formed to acquire the commercial section of NewActon East ("Property"). The Property is located in the NewActon precinct at 21 – 23 Marcus Clarke Street, Canberra, Australian Capital Territory. The Property was acquired 2 September 2014.

The Trust recorded a total comprehensive income for the period $675,132. The positive result was primarily due to rent received from tenants, offset by Property operating costs, interest expense, Responsible Entity fees and a net property revaluation decrement.

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.

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

Directors' Report
For the Period 28 July 2014 to 30 June 2015

Review of operations and results (continued)

	2015 $'000
Total comprehensive income for the period – refer page 6	**675**
Fair value adjustments	
· Investment property	954
· Interest rate swap	206
· Total fair value adjustments	1,160
· Straight lining of rental income, non cash	(389)
· Amortisation of borrowing costs, non cash	80
· Total non cash adjustments	(309)
Total profit attributable from operations	**1,526**

Earnings and distribution per unit	**2015 Cents**
Profit per unit	**2.55**
Profit attributable from operations per unit	**5.76**
Distribution per unit	**5.76**

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 date of inception at the date of this report.

Units held by the Responsible Entity

As at 30 June 2015 the Responsible Entity and its related parties held units in the Trust, as set out in Note 16.

Directors' Report

For the Period 28 July 2014 to 30 June 2015

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.

Value of Trust Assets

The total value of the Trust's assets at the end of the reporting period is $48,976,267.

The valuation methodology in valuating 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 from the date of issue of the PDS to 30 June 2015.

Date	Event	Acquisition Units	Ordinary Units	Total Units
24 September 2014	PDS issued	18,485,575	-	18,485,575
23 March 2015	First Close Date achieved	17,149,689	9,350,606	26,500,295
30 June 2015	End of Period	12,357,719	14,142,576	26,500,295

Prior to the First Close Date, Ordinary Units were issued on a partly paid basis, initially paid up to $0.01. The remaining $0.99 per Ordinary Unit was held under trust as instalment monies.

The First Close Date was achieved on 23 March 2015, being the date that:

- Partly paid units were converted to fully paid Ordinary Units and any new investors were issued with fully paid Ordinary Units;
- The Trust's gearing was reduced to 49% via a loan repayment and interest rate hedges were sought to hedge 100% of the interest rate exposure for the term of the debt facility; and
- The Responsible Entity Transaction fee was paid.

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)

30 September 2015

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF [INSERT COMPANY NAME] UNLISTED PUBLIC COMPANY LIMITED, THE RESPONSIBLE ENTITY

Audit to insert manual Audit Independence Declaration.

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AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF THE RESPONSIBLE ENTITY OF NEWACTON EAST PROPERTY FUND

I declare that, to the best of my knowledge and belief, during the period ended from 28 July 2014 to 30 June 2015 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 (formerly Moore Stephens)
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 30 September 2015

Statement of Comprehensive Income

For the Period 28 July 2014 to 30 June 2015

	Note	28 July 2014 to 30 June 2015 $
Revenue		
Rental income	2	3,764,577
Other income	2	72,556
		3,837,133
Expenses		
Audit and tax fees		(24,750)
Administration and other expenses		(78,310)
Borrowing costs		(1,028,510)
Custodian fees		(15,030)
Fair value adjustment on interest rate swap		(205,587)
Fair value adjustment on investment property		(954,164)
Property operating and maintenance expenses		(702,037)
Responsible Entity's management fee expense		(153,613)
Net profit for the period		**675,132**
Other comprehensive income		-
Total comprehensive income for the period		**675,132**

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 30 June 2015

	Note	30 June 2015 $
Assets		
Current assets		
Cash and cash equivalents	4	1,699,143
Trade and other receivables	5	26,751
Other assets	6	373
Total current assets		**1,726,267**
Non-current assets		
Investment property	7	47,250,000
Total non-current assets		**47,250,000**
Total assets		**48,976,267**
Liabilities		
Current liabilities		
Trade and other payables	8	569,709
Distribution payable	9	512,033
Amount due to related party	10	527,455
Total current liabilities		**1,609,197**
Non- current liabilities		
Derivative financial instruments	11	205,587
Secured borrowings	12	22,080,314
Total non-current liabilities		**22,285,901**
Total liabilities		**23,895,098**
Net assets		**25,081,169**
Trust funds		
Unitholders' funds	13	25,910,965
Accumulated losses	14	(829,796)
Total equity		**25,081,169**

The accompanying notes form part of these financial statements.

Statement of changes in Equity

For the Period 28 July 2014 to 30 June 2015

	Note	Unitholders' Funds	Accumulated losses	Total Equity
		$	$	$
Balance at 28 July 2014		**-**	**-**	**-**
Net profit attributable to Unitholders		-	675,132	675,132
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**675,132**	**675,132**
Transactions with Unitholders				
Application for Acquisition Units		12,357,719	-	12,357,719
Application for Ordinary Units		14,142,576	-	14,142,576
Capital raising costs	13	(589,330)	-	(589,330)
Distributions to Unitholders	9	-	(1,504,928)	(1,504,928)
Balance at 30 June 2015		**25,910,965**	**(829,796)**	**25,081,169**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Period 28 July 2014 to 30 June 2015

	Note	28 July 2014 to 30 June 2015 $
Cash flows from operating activities		
Rental and outgoings received		3,353,988
Payments made to suppliers		(826,842)
Interest received		67,106
Interest paid on finance and interest rate swap		(878,867)
Net cash provided by operating activities	**15**	**1,715,385**
Cash flows from investing activities		
Payments for investment property		(47,814,876)
Net cash used in investing activities		**(47,814,876)**
Cash flows from financing activities		
Proceeds received from issue of units		32,826,274
Payments for return of capital		(5,600,400)
Proceeds from borrowings		29,315,000
Repayment of borrowings		(6,815,000)
Payment of capital raising costs		(434,365)
Payment of borrowing costs		(499,980)
Trust distributions paid		(992,895)
Net cash provided by financing activities		**47,798,634**
Net increase in cash held		1,699,143
Cash and cash equivalents at beginning of financial period		-
Cash and cash equivalents at end of financial period	**4**	**1,699,143**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Period 28 July 2014 to 30 June 2015

The financial statements and notes represent those of NewActon East Property Fund ("the Trust") as an individual entity. The Trust is an unlisted managed investment trust 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 30 September 2015 by the directors of the Responsible Entity.

Note 1: Summary of significant accounting policies

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. Revenue recognition

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

Interest income is recognised using the effective interest rate method.

All revenue is stated net of the amount of Goods and Services Tax (GST).

b. 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 j for further details on distributions and income tax.)

c. 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

For the Period 28 July 2014 to 30 June 2015

Note 1: Summary of significant accounting policies (continued)

d. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables relating to operating leases of the investment property are due on the first day of each month, payable in advance. Other receivables are usually due for settlement no more than 60 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. A provision for impaired receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

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 fitout contribution. Incentives are capitalised as an asset and amortised over the term of the lease as an adjustment to net rental income.

f. 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.

g. Derivative financial instruments

A variety of methods are used to calculate the value of financial instruments and make assumptions that are based upon market conditions existing at balance date. Valuation of derivative financial instruments involves assumptions based upon quoted market rates adjusted for the specific features of the relevant instrument. The valuations of any financial instrument may change in the event of market volatility.

Refer to Note 18 b for more information in relation to the inputs and techniques used to derive the fair value of financial instruments.

h. 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 Period 28 July 2014 to 30 June 2015

Note 1: Summary of significant accounting policies (continued)

i Borrowings

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

Borrowings are classified as current liabilities unless the Trust have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

j. Distribution paid and payable 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. Accordingly, the Trust does not pay income tax provided that the distributable income of the Trust is fully distributed to Unitholders.

A liability is recognised for the amount of any distribution declared by the Trust on or before the end of the reporting period but not distributed at balance date. A liability has been recognised in the financial statements at 30 June 2015 as the final distribution had been declared at the balance date.

k. Impairment of 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.

l. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using quoted market prices at the balance date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

m. Unitholders' funds

Units on issue are classified as equity and recognised at the fair value of the consideration received by the Trust. Transaction costs arising on the issue of equity are recognised directly in equity as a reduction in the proceeds of units to which the costs relate.

Note 1: Summary of significant accounting policies (continued)

n. Significant accounting judgements

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

The areas involving significant estimates or judgments are:

• Derivative financial instruments – Note 1 g;

• Investment properties – Note 1 e; and

• Fair value estimation – Note 1 l.

o. New Accounting Standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Trust. The Responsible Entity has decided not to early adopt any of the new and amended pronouncements. The Responsible Entity's assessment of the new and amended pronouncements that are relevant to the Trust but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods commencing on or after 1 January 2018). The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes 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 include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, 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 the Standard, 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.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017). When effective, this Standard 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 the Standard 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 process:

- 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(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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

Notes to the Financial Statements

For the Period 28 July 2014 to 30 June 2015

	28 July 2014 to 30 June 2015 $
Note 2: Revenue and other income	
Revenue	
Rental income	**3,375,289**
Straight lining of rental income	**389,288**
	3,764,577
Other income	
Sundry income	**5,450**
Interest income	**67,106**
	72,556

Note 3: Auditors' remuneration

Remuneration paid and payable to the auditor of the Trust is as follows:

Auditing or reviewing the financial statements	**10,000**
Other services including compliance	**3,750**
Total auditors' remuneration	**13,750**

	30 June 2015 $
Note 4: Cash and cash equivalents	
Current	
Cash at bank and on hand	**1,699,143**
	1,699,143

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	**1,699,143**
Reconciling items	**-**
Balance per the statement of financial position	**1,699,143**

Note 5: Trade and other receivables

	30 June 2015 $
Current	
Trade receivables	
Rent receivable	**26,751**
	26,751

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 no receivables have been determined to be impaired.

Credit risk - The Trust has no significant credit risk due to the start-up nature of the Trust.

Note 6: Other assets

Current	
Prepaid insurance	**373**
	373

Notes to the Financial Statements

For the Period 28 July 2014 to 30 June 2015

Note 7: Investment Property

Non-current

As at the 30 June 2015, 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
21-23 Marcus Clarke Street, Canberra, ACT	2 September 2014	30/06/2015	47,250,000	47,250,000
Total				**47,250,000**

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

	30 June 2015
Capitalisation rate	7.25%
Average lease expiry by income (years)	9.3 years
Vacancy rate	0.0%

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:

	30 June 2015 $
Balance at beginning	-
Additions at cost:	
- Acquisition of Property	45,010,000
- Acquisition transaction costs	2,804,876
Straight lining of rental income	389,288
Net loss from fair value adjustment	(954,164)
Balance at end of the period	**47,250,000**

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:

	30 June 2015 $
Within one year	3,734,126
Later than one year but not later than five years	19,821,668
Later than five years	4,913,822
Total leases as lessor	**28,469,616**

Notes to the Financial Statements

For the Period 28 July 2014 to 30 June 2015

	30 June 2015 $
Note 8: Trade and other payables	
Current	
Trade payables	167,343
Amount payable to Placer Equity Pty Ltd	20,836
Accrued expenses	169,956
Application monies received	198,123
GST payables	13,451
	569,709

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

Total trade and other payables – current	569,709
Less application monies received	(198,123)
Financial liabilities as trade and other payables	**371,586**

Note 9: Distributions payable

Distributions paid or accrued for the period 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 Dec-14	9 Feb-15	1.95342	N/a	$28,606	$541,234	$569,840
31 Mar-15	8 May-15	1.91096	N/a	$152,211	$270,844	$423,055
30 Jun-15 [3]	7 Aug-15	1.93219	1.93219	$217,840	$294,193	**$512,033**
		5.79657		**$398,657**	**$1,106,271**	**$1,504,928**

1. Ordinary Units received a pro rata distribution at a rate of 7.75% per annum from the unit allotment date for the period 24 September 2014 to 30 June 2015.
2. From 28 July 2014 to 22 March 2015, Acquisition Units were paid a distribution based on director's assessment after reviewing the Trust's quarterly Net profit attributable from operations. From 23 March 2015 (First Closing Date) to 30 June 2015, Acquisition Units received a distribution at a rate of 7.75% per annum.
3. The June 2015 quarter distribution is paid in the 2016 financial year.

Note 10: Amount due to related party

Current

Placer Equity Pty Ltd – application of monies received	**527,455**

Note 11: Derivative financial instruments

Non current

Interest rate swap	**205,587**

Notes to the Financial Statements

FOR THE PERIOD 28 JULY 2014 TO 30 JUNE 2015

Note 11: Derivative financial instruments (continued)

The Trust has entered into interest rate swaps totalling $22,500,000 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

	30 June 2015 $
Non-current	
Bank loan	22,500,000
Capitalised borrowing costs	(499,801)
Amortisation of borrowing costs, period 28 July 2014-30 June 2015	80,115
Total borrowings	**22,080,314**

On 2 September 2014 the Trust secured a cash advance facility with National Australia Bank Limited with a facility limit of $29,315,000. The facility is a cash advance, with a maturity date of 31 August 2019 or 5 year term from financial close whichever the earlier of. During the year, the facility limit was reduced to $22,500,000 on the "First Close Date" which was on 23 March 2015. The facility has interest accrued and payable quarterly in arrears, with a variable interest rate plus margin with 1.52% line fee applied, which was reduced to 1.40% post the First Close Date. This facility is secured by registered mortgage over the Property owned by the Trust.

With this secured borrowing, the Trust has entered into interest rate swaps totalling $22,500,000 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 2015, the Trust had access to:

Credit facility	
Cash advance facility	22,500,000
Drawn balance	(22,500,000)
Undrawn balance	**-**

Note 13: Unitholders' funds

	Units at 30 June 2015	30 June 2015 $
Units on issue		
• Acquisition units	12,357,719	12,357,719
• Ordinary units	14,142,576	14,142,576
Capital raising costs		(589,330)
Total Unitholders' funds	**26,500,295**	**25,910,965**

Note 13: Unitholders' funds (continued)

a. **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 A-Grade office building located in the Canberra Central Business District.

	30 June 2015 $
Note 14: Accumulated losses	
Opening balance	
Comprehensive income for the period	675,132
Distributions paid and payable	(1,504,928)
Closing balance	**(829,796)**

Note 15: Cash flow information	28 July 2014 to 30 June 2015 $
Reconciliation of cash flow from operating activities with loss for the period	
Net profit for the period	675,132
Non-cash flows in profit	
Straight lined rental income	(389,288)
Fair value adjustments	1,159,751
Amortisation of borrowing costs	80,294
Changes in assets and liabilities:	
Increase in trade and other receivables	(26,751)
Increase in prepayments	(373)
Increase in trade and other payables	216,620
Net cash provided by operating activities	**1,715,385**

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.

To fund the initial acquisition of the Property by the Trust and remove settlement risk, the Responsible Entity arranged for Placer Equity Pty Ltd to subscribe and pay for Acquisition Units in the Trust. Placer Equity Pty Ltd is a related party.

Note 16: Related party disclosures (continued)

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
- Greg 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.

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:

	2015 **$**
Transactions with Placer Property Limited	
Transaction fee - loan sourcing fee capitalised	300,000
Transaction fee - asset acquisition fee capitalised	300,200
Transaction fee - capital structuring and raising *	300,000
Transaction fee - total	**900,200**
Management fees paid/payable to Placer Property Limited	**153,613**

* Includes non recoverable GST of $29,048

Amounts payable to related parties at the end of the financial year are disclosed in Note 10 and Note 8 $20,836.

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.

Note 16: Related party disclosures (continued)

g. **Director's equity holdings**

The number of units held by directors of the Responsible Entity in office at 30 June 2015 (directly or indirectly) is set out below.

	2015 Units
Mario Ross Papaleo	**30,000**

h. Acquisition Units

To fund the initial acquisition of the Property by the Trust and remove settlement risk, the Responsible Entity arranged for Placer Equity Pty Ltd to subscribe and pay for Acquisition Units in the Trust. Placer Equity Pty Ltd holds 12,357,719 Acquisition Units at 30 June 2015.

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	**2015 $**
Financial assets		
Cash and cash equivalents	4	1,699,143
Trade and other receivables	5	26,751
		1,725,894
Financial liabilities		
Trade and other payables	8 (a)	371,586
Distribution payable	9	512,033
Derivative financial instruments	11	205,587
Secured borrowings	12	22,500,000
		23,589,206

Notes to the Financial Statements

For the Period 28 July 2014 to 30 June 2015

Note 17: Financial risk management (continued)

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.

Financial liability and financial asset maturity analysis

	Within 1 year	After 1 year	1 to 5 years	Total
	$	$	$	$
Financial liabilities due				
Trade and other payables	371,586	-	-	371,586
Derivative financial instruments	-	205,587	-	205,587
Distribution payable	512,033	-	-	512,033
Secured borrowings	-	-	22,500,000	22,500,000
Total expected outflows	**883,619**	**205,587**	**22,500,000**	**23,589,206**
Financial assets realisable				
Cash and cash equivalents	1,699,143	-	-	1,699,143
Trade receivables	26,751	-	-	26,751
Total anticipated inflows	**1,725,894**	**-**	**-**	**1,725,894**
Net inflows/(outflows)	**842,275**	**(205,587)**	**(22,500,000)**	**(21,863,312)**

Notes to the Financial Statements

For the Period 28 July 2014 to 30 June 2015

Note 17: Financial risk management (continued)

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 to 30 September 2019 at fixed rates between 2.35% and 3.15% with the counterparties paying at the variable 91 days bank bill swap bid rate which at balance date was 2.35%

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:

	2015 $
Floating rate	
Cash and cash equivalents	1,699,143
Secured borrowings	(22,500,000)
	(20,800,857)
Derivative financial instruments	
Interest rate swap – floating to fixed (notional amount)	22,500,000
Interest rate swap on cash flow hedge- fair value	205,587
	22,705,587
Net exposure	**1,904,730**

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 cash flow hedge.

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

	Profit/(loss)	Equity
Fair value of cash flow hedge	**2015 $**	**2015 $**
Interest rates increased by 100 basis points	**872,300**	**872,300**
Interest rates decreased by 100 basis points	**(872,300)**	**(872,300)**

Notes to the Financial Statements

For the Period 28 July 2014 to 30 June 2015

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 2015			
	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
Recurring fair value measurements					
Assets					
Investment Property	7	-	-	47,250,000	47,250,000
Total assets at fair value		-	-	**47,250,000**	**47,250,000**
Liabilities					
Derivative financial instruments					
• Interest rate swaps	11	**-**	205,587	-	205,587
Total liabilities at fair value		**-**	**205,587**	-	**205,587**

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

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.

Notes to the Financial Statements

For the Period 28 July 2014 to 30 June 2015

Note 18: Fair value measurements (continued)

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 $47,250,000 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 June 2015, 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 30 June 2015 the valuer undertaking the property valuation was Knight Frank.

Note 18: Fair value measurements (continued)

c. Valuation Techniques and Inputs Used to Measure Level 3 Fair Values (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
Office	Level 3	Discounted cash flow and Income capitalization method	Gross Office Market Rent (psm) pa.	**$463**
			Adopted capitalization rate	**7.25%**
			Adopted terminal yield	**7.75%**
			Adopted discount rate	**8.50%**

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
Gross Office Market Rent (psm) pa.	Increase	Decrease
Adopted capitalization rate	Decrease	Increase
Adopted terminal yield	Increase	Decrease
Adopted discount rate	Decrease	Increase

Note 19: Recurring and Non-recurring contingent liabilities and contingent assets

The Trust does not have any other contingent liabilities or contingent assets as at 30 June 2015.

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 period.

Notes to the Financial Statements
For the Period 28 July 2014 to 30 June 2015

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 NewActon East Property Fund ("the Trust"), as set out on pages 6 to 27, 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 2015 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
30 September 2015

Independent auditor's report

To the Unitholders of [insert company name] managed investment trust

ShineWing AUSTRALIA

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Accountants and Advisors
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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF PLACER PROPERTY LIMITED

AS RESPONSIBLE ENTITY FOR NEWACTON EAST PROPERTY FUND

Report on the Financial Report

We have audited the accompanying financial report of NewActon East Property Fund, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 28 July 2014 to 30 June 2015, 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 NewActon East 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*.

Opinion

(a) In our opinion the financial report of NewActon East Property Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of NewActon East Property Fund's financial position as at 30 June 2015 and of its performance for the period from 28 July 2014 to 30 June 2015; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 to the financial statements.

ShineWing Australia

ShineWing Australia (formerly Moore Stephens)
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 30 September 2015