

# The Stables Property Fund

ARSN 167 742 672

Responsible entity  
Placer Property Limited

## Financial report

For the year ended 30 June 2018



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## Directors' report

### For the year ended 30 June 2018

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 2018.

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

Director	Role	Appointed during year	Qualifications, special responsibilities and experience
James Edmund Walsh	Chairman	Appointed 7 March 2018	Jim holds a Bachelor of Commerce from Deakin University, a Master of Business Administration from Melbourne Business School and is a graduate from the Australian Institute of Company Directors. Jim is a fellow of Chartered Accountants Australia and New Zealand. He has over 28 years' experience as a company director and is currently the Chairman of GMHBA Ltd and Non-Executive Director of A.G. Coombs Group Pty Ltd.
Mario Ross Papaleo	Joint Managing Director		Mario holds a Bachelor of Business (Property) from RMIT University and a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia. Mario has more than 20 years' experience in direct real estate, listed and unlisted investment and funds management.
David Andrew Omond	Joint Managing Director		David holds a Bachelor of Business (Property) from the University of South Australia. David has more than 25 years' experience in commercial property management, development, funds management and corporate finance. David is well versed in managed investment schemes and has specialised in unlisted property funds management.
Thomas Jepson Davis	Executive Director, formerly Chairman	Appointed 4 August 2017	Tom holds a Bachelor of Business (Property) with Distinction from RMIT University and a Graduate Diploma of Applied Finance and Investment from the Financial Services Institute of Australasia. Tom is also a Licensed Real Estate Agent. Tom is a partner with KordaMentha Real Estate with responsibilities including real estate advisory, principal investment and structured finance investment, transaction and asset management.

## Directors' report

For the year ended 30 June 2018

Directors (continued)

Director	Role	Appointed during year	Qualifications, special responsibilities and experience
Janette Anne Kendall	Non-Executive Director	Appointed 8 March 2018	Janette holds a Bachelor of Business – Marketing and is a Fellow of the Australian Institute of Company Directors. She has more than 23 years' board experience across public, private and not-for profit organisations in industries including digital and technology, marketing and communications, media, retail, fast-moving consumer goods, hospitality, gaming, property and manufacturing. She is currently a Non-Executive Director of Nine Entertainment Co Holdings Ltd, Vicinity Centres, Costa Group, Wellcom Worldwide and Melbourne Theatre Company.
Michael Arthur Herskope	Chairman	Resigned 4 August 2017	
Mark Dominic Allan	Non-Executive Director	Resigned 4 August 2017	
Gregory John Marks	Non-Executive Director	Resigned 4 August 2017	

### 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

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

### Review of operations and results

The Trust recorded total comprehensive income for the year of \$1,588,920 (2017: \$2,261,231). The 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 unfavourable variance from the prior year relates to a smaller favourable fair value adjustment on investment property variance than the prior year.

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.

Leasing retains a significant focus with shop T5 being leased to My Local Physio. Shop T5 is 137 sq m and brings the overall occupancy to 98.6%.

## Directors' report

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
<b>Total comprehensive income for the period – refer page 6</b>	<b>1,588</b>	<b>2,261</b>
Fair value adjustments		
• Investment property	(318)	(783)
• Interest rate swap	(40)	(164)
<b>Total fair value adjustments</b>	<b>(358)</b>	<b>(947)</b>
Non cash adjustments		
• Straight lining of rental income, non cash	(147)	(121)
• Amortisation of leasing costs, non cash	123	116
<b>Total non cash adjustments</b>	<b>(24)</b>	<b>(5)</b>
<b>Total profit attributable from operations</b>	<b>1,206</b>	<b>1,309</b>
<b>Earnings and distribution per unit</b>	<b>2018 Cents</b>	<b>2017 Cents</b>
Profit per unit	9.62	13.69
Profit attributable from operations per unit	7.30	7.92
Distribution per unit	7.60	7.61

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 2018 the Responsible Entity and its related parties held no units in the Trust, as set out in Note 16.

## Directors' report

For the year ended 30 June 2018

### Director's equity holdings

The number of units held by directors of the Responsible Entity in office at 30 June 2018 (directly or indirectly) is set out below.

	2018 Units	2017 Units
Mario Ross Papaleo	30,000	30,000

### 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 \$29,793,647 (2017: \$29,758,797).

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

There are 16,520,562 issued ordinary units at 30 June 2018.

### 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 or director of any auditor of the Trust.

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

Chairman



James Edmund Walsh

Dated this

17 September 2018

**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 2018 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, 17 September 2018

## Statement of profit and loss and other comprehensive income

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Revenue</b>			
Rental income	2	2,628,693	2,586,597
Other net income	2	7,512	30,045
Amortisation of leasing costs		(122,697)	(115,588)
Fair value adjustment on interest rate swap	11	40,208	164,291
Fair value adjustment on investment property	7	317,522	782,712
		<b>2,871,238</b>	<b>3,448,057</b>
<b>Expenses</b>			
Accounting, compliance and taxation fees		(54,734)	(69,419)
Administration and other expenses		(19,853)	(19,546)
Borrowing costs	3	(509,622)	(513,086)
Custodian fees		(15,000)	(16,709)
Property operating and maintenance expenses		(506,785)	(388,951)
Responsible entity's management fee	16	(176,324)	(179,115)
		<b>(1,282,318)</b>	<b>(1,186,826)</b>
<b>Net profit for the year</b>		<b>1,588,920</b>	<b>2,261,231</b>
Other comprehensive income		-	-
<b>Total comprehensive profit for the year</b>		<b>1,588,920</b>	<b>2,261,231</b>

The accompanying notes form part of these financial statements.



## Statement of financial position

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	432,409	767,830
Trade and other receivables	5	140,407	170,628
Other assets	6	20,283	20,339
<b>Total current assets</b>		<b>593,099</b>	<b>958,797</b>
<b>Non-current assets</b>			
Investment property	7	29,200,000	28,800,000
<b>Total non-current assets</b>		<b>29,200,000</b>	<b>28,800,000</b>
<b>Total assets</b>		<b>29,793,099</b>	<b>29,758,797</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	272,401	339,005
Amounts due to related parties	10	16,107	210,068
Distribution payable	9	313,029	311,310
<b>Total current liabilities</b>		<b>601,537</b>	<b>860,383</b>
<b>Non-current liabilities</b>			
Derivative financial instruments	11	75,069	115,277
Secured borrowings	12	12,500,000	12,500,000
<b>Total non-current liabilities</b>		<b>12,575,069</b>	<b>12,615,277</b>
<b>Total liabilities</b>		<b>13,176,606</b>	<b>13,475,660</b>
<b>Net assets</b>		<b>16,616,493</b>	<b>16,283,137</b>
<b>Net assets attributable to unitholders</b>			
Unitholders' funds	13	15,628,602	15,628,602
Reserves		(5,008,308)	(5,008,308)
Retained earnings	14	5,996,199	5,662,843
<b>Total equity</b>		<b>16,616,493</b>	<b>16,283,137</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity

For the year ended 30 June 2018

	Unitholders' Funds \$	Reserves \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2016</b>	7,086,619	-	4,659,501	11,746,120
Net profit attributable to Unitholders	-	-	2,261,231	2,261,231
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	2,261,231	2,261,231
<b>Transactions with Unitholders</b>				
Redemption of Acquisition Units	(7,900,000)	(5,008,308)	-	(12,908,308)
Issue of Ordinary Units	16,520,562	-	-	16,520,562
Distribution to Unitholders	-	-	(1,257,889)	(1,257,889)
Capital raising costs	(78,579)	-	-	(78,579)
<b>Total transactions with Unitholders</b>	8,541,983	(5,008,308)	(1,257,889)	2,275,786
<b>Balance at 30 June 2017</b>	15,628,602	(5,008,308)	5,662,843	16,283,137
Net profit attributable to Unitholders	-	-	1,588,920	1,588,920
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	1,588,920	1,588,920
<b>Transactions with Unitholders</b>				
Distribution to Unitholders	-	-	(1,255,564)	(1,255,564)
<b>Total transactions with Unitholders</b>	-	-	(1,255,564)	(1,255,564)
<b>Balance at 30 June 2018</b>	15,628,602	(5,008,308)	5,996,199	16,616,493

The accompanying notes form part of these financial statements.

## Statement of cash flows

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Rents received from tenants		2,524,388	2,488,486
Payments made to suppliers		(1,046,397)	(858,884)
Interest received		7,512	30,045
Borrowing costs paid		(509,622)	(534,549)
Net cash provided by operating activities	15	975,881	1,125,098
<b>Cash flows from investing activities</b>			
Proceeds from property/(refunds received)		-	87,500
Payments for property acquisition and development	7	(58,005)	(99,479)
Net cash used in investing activities		(58,005)	(11,979)
<b>Cash flows from financing activities</b>			
Proceeds (net) received from issue of units		-	16,416,523
Payments for redemption of issued units		-	(12,800,000)
Repayment of borrowings		-	(2,795,000)
Distributions paid	9	(1,253,297)	(1,270,421)
Capital raising costs paid		-	(614,462)
Net cash used in financing activities		(1,253,297)	(1,063,360)
Net (decrease)/increase in cash held		(335,421)	49,759
Cash and cash equivalents at beginning of financial year		767,830	718,071
Cash and cash equivalents at end of financial year	4	432,409	767,830

The accompanying notes form part of these financial statements.

## Notes to the financial statements

For the year ended 30 June 2018

### Note 1: Summary of significant accounting policies

The financial statements and notes represent those of The Stables Property Fund ('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 17 September 2018 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. 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 1g for further details on distributions and income tax.)

## Notes to the financial statements

For the year ended 30 June 2018

### Note 1: Summary of significant accounting policies (continued)

#### 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 and bank overdrafts.

#### 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 Profit and Loss and Other 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 18c 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. 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 18b for more information in relation to the inputs and techniques used to derive the fair value of financial instruments.

## Notes to the financial statements

For the year ended 30 June 2018

### Note 1: Summary of significant accounting policies (continued)

#### 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.

#### i. Borrowings

Borrowings 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 year. 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 year but not distributed at balance date. A liability has been recognised in the financial statements at 30 June 2018 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.

## Notes to the financial statements

For the year ended 30 June 2018

### Note 1: Summary of significant accounting policies (continued)

#### 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.

#### *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 and Note 13 for further discussion of the features of the units.

#### n. Net working capital deficiency

The Trust has a net working capital deficiency at 30 June 2018 of \$8,438 (current assets less current liabilities). This is predominantly due to rent received in advance in June 2018 of \$134,180. The net working capital deficiency has been remedied subsequent to year end

#### o. 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 1g;
- Investment properties – Note 1e; and
- Fair value estimation – Note 1l.

#### p. 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 beginning on or after 1 January 2018)

The impact of AASB 9 has been determined to be immaterial as the Trust's investments are carried at fair value through profit or loss. Measurement of expected credit losses on either a twelve month or total contractual period basis in relation to lease receivables is not considered to be material given the Trust's past experience of collecting rental payments.

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

The Fund's main source of revenue is rental income which is outside the scope of this Standard.

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

The Trust is a lessor through the lease arrangements related to its investment property. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117: *Leases*, therefore the Trust does not expect a significant impact resulting from the adoption of AASB 16.

## Notes to the financial statements

For the year ended 30 June 2018

### Note 2: Revenue and other income

	2018 \$	2017 \$
<b>Revenue</b>		
Rental income and outgoings recovery	2,286,597	2,230,704
Straight lining of rental income	147,170	120,897
Rental guarantee income	194,926	234,996
	<b>2,628,693</b>	<b>2,586,597</b>
<b>Other income</b>		
Interest income	7,512	30,045
	<b>7,512</b>	<b>30,045</b>

### Note 3: Expenses

	2018 \$	2017 \$
<b>Borrowing costs</b>		
Bank fees	247	245
Borrowing costs	-	753
Interest	509,375	512,088
	<b>509,622</b>	<b>513,086</b>
<b>Auditors remuneration</b>		
Remuneration paid and payable to the auditor of the Trust is as follows:		
Auditing or reviewing the financial statements	12,000	11,500
Other services (Compliance plan)	3,600	3,500
	<b>15,600</b>	<b>15,000</b>

### Note 4: Cash and cash equivalents

	2018 \$	2017 \$
<b>Current</b>		
Cash at bank, interest bearing	432,409	767,830
	<b>432,409</b>	<b>767,830</b>

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	432,409	767,830
Reconciling items	-	-
Balance per the statement of financial position	<b>432,409</b>	<b>767,830</b>



## Notes to the financial statements

For the year ended 30 June 2018

### Note 5: Trade and other receivables

	2018 \$	2017 \$
<b>Current</b>		
Rent receivable	140,407	191,320
Less provision for doubtful debts	-	(20,692)
	<b>140,407</b>	<b>170,628</b>

	2018 \$	2017 \$
Current	140,407	170,628
30 days	-	-
60 days	-	-
90 days +	-	-
<b>Total</b>	<b>140,407</b>	<b>170,628</b>

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 in the prior year, no other receivables have been determined to be impaired.

**Credit risk** The Trust has no significant credit risks identified at 30 June 2018. 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

	2018 \$	2017 \$
<b>Current</b>		
Other receivables held by property manager	-	1,029
Prepaid insurance	20,283	19,310
	<b>20,283</b>	<b>20,339</b>

## Notes to the financial statements

For the year ended 30 June 2018

### Note 7: Investment property

#### Non-current

As at 30 June 2018, the investment property has been valued as set out below:

#### Investment property at fair value

	Year end	Date of latest Valuation	Independent Valuation	Fair Value
1495 -1497 Golden Grove Road, Golden Grove, SA	June 2018	30 June 2018	29,200,000	29,200,000
1495 -1497 Golden Grove Road, Golden Grove, SA	June 2017	30 June 2017	28,800,000	28,800,000

Note 18 illustrates key valuation assumptions used by m3property, the valuer, in the determination of investment property fair value.

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

	2018 \$	2017 \$
Balance at beginning	28,800,000	28,000,000
Additions at cost:		
• Capex	58,005	11,979
• Unamortized leasing costs	(122,697)	(115,588)
Straight lining of rental income	147,170	120,897
Net gain/(loss) from fair value adjustment	317,522	782,712
<b>Balance at end of the year</b>	<b>29,200,000</b>	<b>28,800,000</b>

#### 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

	2018 \$	2017 \$
Within one year	2,518,627	2,257,467
Later than one year but not later than five years	9,361,197	9,282,871
Later than five years	7,770,680	15,475,483
<b>Total leases as lessor</b>	<b>16,950,504</b>	<b>27,015,821</b>

## Notes to the financial statements

For the year ended 30 June 2018

### Note 8: Trade and other payables

	2018 \$	2017 \$
<b>Current</b>		
Trade payables	8,699	83,606
Rent in advance	134,180	-
Accrued expenses	116,079	255,399
GST payables	13,443	-
	<b>272,401</b>	<b>339,005</b>

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

Total trade and other payables – current	272,401	339,005
Amounts due to related parties	16,107	210,068
Financial liabilities as trade and other payables	<b>288,508</b>	<b>549,073</b>

### Note 9: Distributions payable

	2018 \$	2017 \$
Distribution payable	313,029	311,310

Distributions paid or accrued for the year include:

Quarter Ending	Paid date	Ordinary Units - Cents Per Unit	Total Distribution \$
30 Sept-17	8 November 2017	1.91562	316,473
31 Dec-17	8 February 2018	1.91562	316,472
31 March-18	8 May 2018	1.87397	309,590
30 Jun-18 <sup>1</sup>	8 August 2018	1.88479	313,029
<b>Total</b>			<b>1,255,564</b>

1. The June 2018 quarter distribution is paid in the 2019 financial year.

### Note 10: Amounts due to related parties

	2018 \$	2017 \$
<b>Current</b>		
Placer Property Limited – monthly management fee	16,107	15,140
Placer Equity Pty Ltd – rental guarantee provision	-	194,928
	<b>16,107</b>	<b>210,068</b>

## Notes to the financial statements

For the year ended 30 June 2018

### Note 11: Derivative financial instruments

	2018 \$	2017 \$
<b>Non-current</b>	<b>75,069</b>	<b>115,277</b>
Interest rate swap	75,069	115,277

The Trust has entered into interest rate swaps totalling \$12,500,000 that entitle it to either receive or 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 profit and loss and other 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. Refer Note 17c.

### Note 12: Secured borrowings

	2018 \$	2017 \$
<b>Non-current</b>		
Bank loan	12,500,000	12,500,000
<b>Total borrowings</b>	<b>12,500,000</b>	<b>12,500,000</b>

This facility has a 5 year term from the shopping centre's practical completion. The practical completion referred to 30 days after Woolworths commenced trading on 15 April 2015. The interest only facility is for \$12,500,000 and has interest accrued and payable quarterly in arrears, and a line fee component accrued and paid monthly.

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 or 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 and 16c.

As at 30 June 2018, the Trust had access to:

	2018 \$	2017 \$
<b>Credit facility</b>		
Cash advance facility	12,500,000	12,500,000
Drawn balance	(12,500,000)	(12,500,000)
<b>Undrawn balance</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

For the year ended 30 June 2018

### Note 13: Unitholders' funds

	Units at 30 June 2018	2018 \$	Units at 30 June 2017	2017 \$
Units on issue	16,520,562	16,520,562	16,520,562	16,520,562
Capital raising costs	-	(891,960)	-	(891,960)
<b>Total Unitholders' funds</b>	<b>16,520,562</b>	<b>15,628,602</b>	<b>16,520,562</b>	<b>15,628,602</b>

#### Capital management

The Trust regards net assets attributable to Unitholders as its capital. The objective of the Trust is to provide Unitholders with sustainable income with the potential for capital growth through an investment in a neighbourhood shopping centre located in Golden Grove, South Australia.

### Note 14: Retained earnings

	2018 \$	2017 \$
<b>Opening balance</b>	<b>5,662,843</b>	4,659,501
Comprehensive income for the year	1,588,920	2,261,231
Distributions paid and payable	(1,255,564)	(1,257,889)
<b>Closing balance</b>	<b>5,996,199</b>	5,662,843

### Note 15: Cash flow information

	2018 \$	2017 \$
<b>Reconciliation of cash flow from operating activities with profit for the year</b>		
<b>Net profit for the year</b>	<b>1,588,920</b>	2,261,231
<b>Non-cash flows in profit</b>		
Straight lined rental income	(147,170)	(120,897)
Fair value adjustment on interest rate swap	(40,208)	(164,291)
Fair value adjustment on investment property	(317,522)	(782,712)
Amortisation of leasing costs	122,697	115,588
Rental guarantee income	(194,926)	(234,996)
<b>Changes in assets and liabilities:</b>		
Decrease/(increase) in trade and other receivables	1,029	(123,286)
Decrease in other assets	8,984	856
Increase in prepayments	(1,522)	(484)
(Decrease)/increase in trade and other payables	(44,401)	174,089
<b>Net cash provided by operating activities</b>	<b>975,881</b>	1,125,098

## Notes to the financial statements

For the year ended 30 June 2018

### Note 16: Related party disclosures

#### a. Responsible Entity and the Manager

The Responsible Entity of the Trust is Placer Property Limited, 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 and directors

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 by the Trust or the Responsible Entity:

• James Edmund Walsh	Non-Executive Chairman
• Mario Ross Papaleo	Joint Managing Director
• David Andrew Omond	Joint Managing Director
• Thomas Jepson Davis	Executive Director, formerly Chairman
• Janette Anne Kendall	Non-Executive Director
• Michael Arthur Herskope	Chairman, resigned
• Mark Dominic Allan	Non-Executive Director, resigned
• Gregory John Marks	Non-Executive Director, resigned

#### 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:

	2018 \$	2017 \$
<b>Transactions with Placer Property Limited</b>		
Management fees	176,324	179,115
<b>Outstanding balance with Placer Equity Pty Ltd</b>		
Rental guarantee	-	194,928

Amounts payable to related parties at the end of the financial year are disclosed in Note 10 includes management fees of \$16,107 (2017: \$15,140), and \$nil rental guarantee at 30 June 2018 payable to Placer Equity Pty Ltd (2017: \$194,928).

## Notes to the financial statements

For the year ended 30 June 2018

### Note 16: Related party disclosures (continued)

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 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	2018 \$	2017 \$
<b>Financial assets</b>			
Cash and cash equivalents	4	432,409	767,830
Trade and other receivables	5	140,407	170,628
		572,816	938,458
<b>Financial liabilities</b>			
Trade and other payables	8	272,401	339,005
Distribution payable	9	313,029	311,310
Amounts due to related parties	10	16,107	210,068
Derivative financial instruments	11	75,069	115,277
Secured borrowings	12	12,500,000	12,500,000
		13,176,606	13,475,660

## Notes to the financial statements

For the year ended 30 June 2018

### 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.

The loan is anticipated to be refinanced unless repaid on settlement of the property.

#### Financial liability and financial asset maturity analysis

	Within 1 year \$	1 to 5 years \$	Total \$
<b>Financial liabilities due</b>			
Trade and other payables	272,401	-	272,401
Distribution payable	313,029	-	313,029
Amounts due to related parties	16,107	-	16,107
Derivative financial instruments	-	75,069	75,069
Secured borrowings	-	12,500,000	12,500,000
<b>Total expected outflows</b>	<b>601,537</b>	<b>12,575,069</b>	<b>13,176,606</b>
<b>Financial assets realisable</b>			
Cash and cash equivalents	432,409	-	432,409
Trade receivables	140,407	-	140,407
<b>Total anticipated inflows</b>	<b>572,816</b>	<b>-</b>	<b>572,816</b>
<b>Net outflows</b>	<b>(28,721)</b>	<b>(12,575,069)</b>	<b>(12,603,790)</b>



## Notes to the financial statements

For the year ended 30 June 2018

### 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 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 2018 was 2.16%.

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:

	2018 \$	2017 \$
<b>Floating rate</b>		
Cash and cash equivalents	432,409	767,830
Secured borrowings	(12,500,000)	(12,500,000)
	(12,067,591)	(11,732,170)
<b>Derivative financial instruments</b>		
Interest rate swap – floating to fixed (notional amount)	12,500,000	12,500,000
Interest rate swap on cash flow hedge - fair value	75,069	115,277
	12,575,069	12,615,277
<b>Net exposure</b>	<b>507,478</b>	<b>883,107</b>

##### 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) 2018 \$	Equity 2018 \$	Profit/(loss) 2017 \$	Equity 2017 \$
<b>Fair value of interest rate swap</b>				
Interest rates increased by 100 basis points	246,300	246,300	365,700	365,700
Interest rates decreased by 100 basis points	(246,300)	(246,300)	(365,700)	(365,700)

## Notes to the financial statements

For the year ended 30 June 2018

### 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:

## Notes to the financial statements

For the year ended 30 June 2018

### Note 18: Fair value measurement (continued)

		30 June 2018			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
<b>Assets</b>					
Investment property	7	-	-	29,200,000	29,200,000
<b>Total assets at fair value</b>		-	-	29,200,000	29,200,000
<b>Liabilities</b>					
Derivative financial instruments					
Interest rate swaps	11	-	75,069	-	75,069
<b>Total liabilities at fair value</b>		-	75,069	-	75,069

  

		30 June 2017			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
<b>Assets</b>					
Investment property	7	-	-	28,800,000	28,800,000
<b>Total assets at fair value</b>		-	-	28,800,000	28,800,000
<b>Liabilities</b>					
Derivative financial instruments					
• Interest rate swaps	11	-	115,277	-	115,277
<b>Total liabilities at fair value</b>		-	115,277	-	115,277

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 year ended 30 June 2018

### Note 18: Fair value measurement (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 \$29,200,000 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 30 June 2018, 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 2018 the valuer undertaking the property valuation was m3property.

## Notes to the financial statements

For the year ended 30 June 2018

### 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.	<b>\$447</b>
			Adopted capitalization rate	<b>6.75%</b>
			Adopted terminal yield	<b>7.00%</b>
			Adopted discount rate	<b>7.50%</b>

#### Definitions

<b>Discounted cash flow method</b>	A method in which a discount rate is applied to future expected income streams to estimate the present value
<b>Income capitalisation method</b>	A valuation approach that provides an indication of value by converting future cash flows to a single current capital value
<b>Gross market rent</b>	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
<b>Capitalisation rate</b>	The return represented by the income produced by an investment, expressed as a percentage
<b>Terminal yield</b>	A percentage return applied to the expected net income following a hypothetical sale at the end of the cash flow period
<b>Discount rate</b>	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

### Note 19: Recurring and non-recurring contingent liabilities and assets

The Trust does not have any other contingent liabilities or contingent assets as at 30 June 2018.

### 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.

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## Notes to the financial statements

For the year ended 30 June 2018

### Note 21: Additional information

The registered office of the company is:  
Placer Property Limited  
Level 31, 525 Collins Street  
Rialto South Tower  
Melbourne 3000

The principal place of business of the company is:  
Placer Property Limited  
Level 31, 525 Collins 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 2018 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

Director

  
\_\_\_\_\_  
James Edmund Walsh

Dated this

17 September 2018  
\_\_\_\_\_

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

*Opinion*

We have audited the financial report of The Stables Property Fund ("the Fund") which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

*Responsibilities of the Directors 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A stylized blue ink signature of the firm, reading "ShineWing Australia".

**ShineWing Australia**  
Chartered Accountants

A stylized blue ink signature of Rami Eltchelebi.

Rami Eltchelebi  
Partner

Melbourne, 17 September 2018