



HALF YEARLY REPORT

31 December 2019

Clarence Property Corporation Limited
ACN 094 710 942, AFSL 230212
As Responsible Entity for
Westlawn Property Trust
ARSN 095 611 804
Epiq Lennox Property Trust
ARSN 626 201 974

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DIRECTORY

Responsible Entity and Manager

Clarence Property Corporation Limited
ACN 094 710 942
AFSL 230212

Registered Office

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Email: enquiry@clarenceproperty.com.au

Registry

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Ballina NSW 2478

Auditor for the Trust

PKF Brisbane Audit
Level 6, 10 Eagle Street
Brisbane QLD 4000

Solicitors

McCullough Robertson
Level 11, Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

Auditor for the Manager

WCA Audit & Assurance Services Pty Ltd
62 Woodlark Street
Lismore NSW 2480

The directors of Clarence Property Corporation Limited ("Responsible Entity"), the responsible entity of Westlawn Property Trust ("WPT") and Epiq Lennox Property Trust ("ELPT"), present their report together with the consolidated financial statements for the half year ended 31 December 2019 (the reporting period) for both:

- i) the Westlawn Property Group ("Group") consisting of Westlawn Property Trust, Epiq Lennox Property Trust and their controlled entities; and
- ii) Westlawn Property Trust.

The units of WPT and the units of ELPT are combined and issued as stapled securities in the Group. The units in either trust cannot be traded separately and can only be traded as stapled securities.

1 Directors and officers

i) Directors

The following persons were directors of the Responsible Entity during the reporting period and up to the date of this report, unless otherwise stated:

Jim Dougherty OAM

Chairman of Directors (Non- Executive)

Age 66 years

Jim is a licensed real estate agent and chartered accountant with wide ranging experience in the property, accounting and finance industries. He holds a Bachelor of Economics and a Diploma of Financial Management, both from the University of New England, and also holds a Certificate IV in Financial Services (Finance/Mortgage Broking). He was awarded the Order of Australia Medal in 2014 for services to the community and surf lifesaving. He has been an executive director of Westlawn Finance Limited since 1994 and has been chairman of directors of Clarence Property Corporation Limited since 2000.

Peter Fahey

Managing Director (Executive)

Age 56 years

Peter has been involved in the property industry for more than 30 years. He has a wide range of property experience, in both capital cities and regional areas, including sales, leasing, management, valuation, financing and development. Peter has been involved in funds management since 1994 and was the founder of Clarence Property and Westlawn Property Trust, and subsequently numerous other syndicates. He holds a Bachelor of Business (Retail Property Valuation and Administration).

Darrell Irwin

Director (Executive)

Age 55 years

Darrell has 30 plus years' experience in advising, consulting, developing and selling in the commercial property arena including the office, industrial, retail and residential sectors as well as a long term involvement in masterplanned communities. He has significant experience in marketing properties both domestically and internationally. Darrell has held leadership roles with development companies and is a former National Director and Director in Charge of the Gold Coast office of Colliers International, specialising in major commercial property transactions and large-scale development properties.

Tony Tippet

Director (Non-Executive)

Age 56 years

Tony has been actively involved in the property industry for the last 27 years, from project conception, feasibility, financing, marketing, to sales and delivery for a range of residential, commercial and retail projects up to \$350 million. He is a director of the Robina Group of Companies, an associate member of the Institute of Chartered Accountants of Australia and New Zealand, a fellow of the Governance Institute of Australia, a member of the Australian Institute of Company Directors, a licenced Real Estate Agent and holds a Bachelor of Economics from the University of New England.

1 Directors and officers (continued)

ii) Company Secretary

Paul Rippon

Age 62 years

Paul has over 40 years' experience in public accounting, commerce and the commercial property industry. He holds a Bachelor of Business (Accounting & Business Law) from the New South Wales Institute of Technology and is a member of the Institute of Chartered Accountants of Australia and New Zealand. Paul has been involved in property funds management since 2007, and during that time has been responsible for the feasibility assessment, finance arrangements and management of numerous property transactions and land developments in New South Wales and Queensland.

iii) Directors meetings

Six directors meetings were held in the period 1 July 2019 to 31 December 2019 and attendances were:

Jim Dougherty	6
Peter Fahey	5
Darrell Irwin	6
Tony Tippet	4

2 Principal activity

The principal activity of the Group during the reporting period was to offer individual investors the opportunity to combine their funds with the funds of other investors to collectively, within the Group, invest in income producing commercial, retail and industrial/logistics property and property developments. There was no significant change in the nature of this activity during this period, other than as stated in these statements.

3 Review of operations

The following is a summary of key outcomes during the reporting period:

i) Operating results

The comprehensive income of the Group after income tax for the reporting period amounted to \$10,264,077 (December 2018: \$1,847,793 loss).

ii) Property acquisitions

In December 2019 the Group settled the purchase of Logan Village Marketplace for \$16,000,000. The purchase was funded from cash reserves.

In December 2019 the Group settled the purchase of Ormeau Marketplace for \$29,000,000. The purchase was funded from cash reserves.

iii) Investment property sales

There were no investment property disposals during the period.

3 Review of operations (continued)

iv) Investment property revaluations

During the period the following investment properties were independently valued:

Property description	Valuation date	Previous valuation \$	New valuation \$	Change since last valuation \$
<u>Commercial</u>				
100 Blundell Boulevard, Tweed Heads	Nov-19	8,700,000	9,000,000	300,000
29 Molesworth Street, Lismore	Oct-19	17,200,000	19,300,000	2,100,000
The Rocket, Robina	Jan-20	36,250,000	39,250,000	3,000,000
201 Leichhardt Street, Spring Hill	Oct-19	14,300,000	14,900,000	600,000
<u>Retail</u>				
Yamba Fair	Nov-19	33,750,000	35,500,000	1,750,000
205 Yamba Road, Yamba	Oct-19	330,000	350,000	20,000
Tamar Village, Ballina	Nov-19	3,350,000	7,325,000	3,975,000
Yamba Fuel Station	Nov-19	1,050,000	4,510,000	3,460,000
<u>Industrial/Logistics/Distribution</u>				
45 Alexandra Place, Murarrie	Nov-19	11,000,000	12,000,000	1,000,000
				16,205,000

v) Property development

During the period the Group continued the development of "Epiq" Lennox:

- Stage 3B settlement of the final 10 lots in this stage was completed during the period. This stage is now fully complete and sold;
- Stage 4 civil works program achieved practical completion in August 2019. Since then 30 lots have settled, a further 3 are exchanged and the final 2 are under offer.
- Stage 5 civil works have commenced and practical completion is expected in March 2020. A marketing campaign for the 87 lots in this stage was launched in February 2020;
- Superlot 5 and Superlot 7 development applications were lodged in August 2018 and are currently going through a review process with NSW State Planning;
- The Childcare Centre construction is complete, and the 15 year lease commenced in February 2020; and
- Epiq Marketplace construction is expected to be completed by mid-2020. A leasing campaign is currently underway with leases agreed for a Woolworths supermarket, BWS, pharmacy, medical practice, gym and other specialty tenants. Negotiations are well advanced on a number of the remaining tenancies.

During the period the Group continued the development of Yamba Quays. Construction of Stage 1 achieved practical completion in October 2019 with sub-division registration occurring in early January 2020. As at the date of this report settlement of 27 unconditionally exchanged contracts has taken place. The balance 15 lots in the stage continue to be marketed for sale.

vi) Other investments

WPT continues to hold 1,425,000 units in the Robina Quays Unit Trust.

vii) Capital raising

On 3 December 2018, the Group issued a Product Disclosure Statement (PDS) seeking to raise funds and issue new stapled units in the Group. Since opening and to the date of this report 60,849,057 units have been issued, with 28,057,897 units issued during the period.

Pursuant to the Distribution Reinvestment Plan, 1,353,113 units were issued at \$0.90 per unit during the period.

4 Significant changes in the state of affairs of the Group

On 28th October 2019 Westlawn Property Trust established a wholly-owned subsidiary entity 'Logan Village Shopping Centre Trust' to acquire Logan Village Marketplace.

On 28th October 2019 Westlawn Property Trust established a wholly-owned subsidiary entity 'Ormeau Shopping Centre Trust' to acquire Ormeau Marketplace.

In the opinion of the Directors there were no significant changes in the state of affairs of the Group during the period under review, other than those stated in these statements.

5 Matters arising since the period end

On 29th January Wacol Industrial Trust a wholly-owned subsidiary entity of Westlawn Property Trust entered into a contract to purchase an industrial property located at 146 Canberra Street, Hemmant for \$6,500,000. The acquisition will be funded from unused finance facilities and surplus cash reserves.

No matter or circumstance, other than as mentioned above, has arisen since the end of the reporting period that has significantly affected or may significantly affect:

- i) the operations of the Group;
- ii) the results of those operations; or
- iii) the state of affairs of the Group in subsequent financial years.

6 Likely developments in the operations of the Group

The Group will continue with a similar level of activity for the year ending 30 June 2020 as in the past. The Manager will continue to ensure the long term growth of the Group by identifying profitable long term property opportunities in Australia, and will continue to carefully manage existing properties.

7 Environmental issues

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth, State or Territory. The Group is, however, a party to a Conservation Zone Management Plan relating to its "Epiq" Lennox development.

8 Distributions to unit holders

During the half year ended 31 December 2019 unit holders received or were entitled to receive cash distributions of \$7,632,333 (2018: \$10,075,735). The average annualised rate of cash distributions for the financial period was 6.5 cents per unit (2018: 8.8 cents per unit).

Included in the above for the period ended 31 December 2018 is the repayment of \$3,811,452, being the amount classified as unit holder loans in the June 2018 financial statements (equivalent to 2.3 cents per unit). The loans were fully repaid on 1 July 2019.

9 Options on units

There are no options over any units in the Group.

10 Responsible Entity fees

The Responsible Entity has been paid or is due fees of \$3,047,069 for the half year ended 31 December 2019 (December 2018: \$1,304,765) in accordance with the Constitutions of the Group.

Further details of fees paid to the Responsible Entity are disclosed in Note 24 on Page 32 of the financial statements.

11 Indemnifying officers or auditor

During or since the end of the reporting period the Responsible Entity has not given an indemnity or entered an agreement to indemnify any officer or auditor in respect of the operations of the Group.

The Responsible Entity pays premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Responsible Entity, other than conduct involving a wilful breach of duty in relation to the Responsible Entity.

12 Interests in the Group

The details of interests in the Group for the half year ended 31 December 2019 were:

- | | |
|----------------------------------|--------------------|
| i) Units as at 1 July 2019 | 221,078,679 |
| Units issued during the period | 29,411,010 |
| Units redeemed during the period | - |
| Units as at 31 December 2019 | <u>250,489,689</u> |
- ii) During the reporting period the Responsible Entity acquired 22,486 units through the Distribution Reinvestment Plan. The Responsible Entity holds 677,245 units as at 31 December 2019.
- iii) The value of the Group's assets at 31 December 2019 was \$356,149,337. Assets were valued at cost or fair value.

13 Proceedings on behalf of the Group


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

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

14 Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 7.

Signed in accordance with a resolution of the Board of Directors:


Peter Fahey
Managing Director
Jim Dougherty
Director

Dated in Robina this 6th day of March 2020

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF CLARENCE PROPERTY CORPORATION LIMITED AS
RESPONSIBLE ENTITY FOR WESTLAWN PROPERTY GROUP**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Westlawn Property Trust and Epiq Lennox Property Trust and the entities they controlled during the period.

PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

6 MARCH 2020
BRISBANE

		Consolidated Group		Westlawn Property Trust	
	Note	31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$	\$	\$	\$
Revenue and other income					
Interest revenue		108,147	136,293	89,842	136,245
Property revenue		10,763,330	9,926,261	10,175,549	9,926,261
Sale of inventories		14,456,690	-	-	-
Profit on disposal of derivative financial instruments		-	76,286	-	76,286
Other income	2	64	13,914	64	13,914
Fair value gain/(loss) from investment property	12	1,703,177	(3,493,116)	5,883,813	(3,493,116)
Fair value gain/(loss) on derivative financial instruments		256,383	(1,129,723)	256,383	(1,129,723)
Total revenue		27,287,791	5,529,915	16,405,651	5,529,867
Expenses					
Financing costs	3	(2,409,614)	(2,562,583)	(2,409,614)	(2,562,582)
Property expenses and outgoings		(4,354,322)	(4,131,669)	(3,763,089)	(4,069,289)
Bad and doubtful debts expense		38,784	(47,414)	38,784	(47,414)
Inventory sales costs		(818,158)	(12,092)	(2,063)	(7,992)
Cost of inventories sold		(6,102,089)	-	-	-
Responsible entity fees	24	(1,102,349)	(978,743)	(957,627)	(914,039)
Other expenses		(372,533)	(460,756)	(334,344)	(460,481)
Total expenses		(15,120,281)	(8,193,257)	(7,427,953)	(8,061,797)
Net profit/(loss) before income tax		12,167,510	(2,663,342)	8,977,698	(2,531,930)
Income tax (expense)/benefit	5	(1,903,433)	815,549	-	831,776
Profit/(loss) after income tax attributable to unitholders		10,264,077	(1,847,793)	8,977,698	(1,700,154)
Other comprehensive income		-	-	-	-
Total comprehensive income attributable to unitholders		10,264,077	(1,847,793)	8,977,698	(1,700,154)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

		Consolidated Group		Westlawn Property Trust	
	Note	31 December 2019	30 June 2019	31 December 2019	30 June 2019
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6	6,904,104	32,027,318	6,430,806	31,219,496
Trade and other receivables	7	1,772,290	1,366,607	28,474,056	21,604,044
Inventory	9	31,992,712	18,824,764	-	-
Prepaid income tax		444,231	444,231	444,231	444,231
Other assets	11	1,516,019	1,264,629	1,292,282	852,611
Total current assets		<u>42,629,356</u>	<u>53,927,549</u>	<u>36,641,375</u>	<u>54,120,382</u>
Non-current assets					
Trade and other receivables	7	-	-	63,303,624	27,916,481
Financial assets	8	2,579,250	2,579,250	2,579,550	2,579,350
Inventory	9	27,648,720	27,533,427	21,299,456	10,199,082
Investment property	12	282,935,000	228,400,471	230,085,000	220,550,471
Deferred tax assets	10	108,037	919,184	-	-
Other assets	11	248,974	425,172	248,974	425,172
Total non-current assets		<u>313,519,981</u>	<u>259,857,504</u>	<u>317,516,604</u>	<u>261,670,556</u>
Total assets		<u>356,149,337</u>	<u>313,785,053</u>	<u>354,157,979</u>	<u>315,790,938</u>
LIABILITIES					
Current liabilities					
Trade and other payables	13	5,686,488	2,463,601	3,287,215	1,652,844
Income tax	14	1,092,286	-	-	-
Other liabilities	15	6,324,409	10,161,332	6,197,974	10,064,960
Financial liabilities	16	19,937,500	21,673,126	19,937,500	21,673,126
Total current liabilities		<u>33,040,683</u>	<u>34,298,059</u>	<u>29,422,689</u>	<u>33,390,930</u>
Non-current liabilities					
Financial liabilities	16	97,582,040	84,208,544	97,582,040	84,208,544
Derivative financial instruments	17	2,833,724	3,090,107	2,833,724	3,090,107
Total non-current liabilities		<u>100,415,764</u>	<u>87,298,651</u>	<u>100,415,764</u>	<u>87,298,651</u>
Total liabilities		<u>133,456,447</u>	<u>121,596,710</u>	<u>129,838,453</u>	<u>120,689,581</u>
Net assets		<u>222,692,890</u>	<u>192,188,343</u>	<u>224,319,526</u>	<u>195,101,357</u>
EQUITY					
Unitholders' equity					
Issued capital		228,337,786	200,464,982	228,337,786	200,464,982
Undistributed income		(5,644,896)	(8,276,639)	(4,018,260)	(5,363,625)
Total unitholders' equity		<u>222,692,890</u>	<u>192,188,343</u>	<u>224,319,526</u>	<u>195,101,357</u>

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

Consolidated Group	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
Balance at 1 July 2019	221,078,679	200,464,982	(8,276,639)	192,188,343
Total comprehensive profit attributable to unitholders	-	-	10,264,077	10,264,077
	<u>221,078,679</u>	<u>200,464,982</u>	<u>1,987,438</u>	<u>202,452,420</u>
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	-	(7,632,334)	(7,632,334)
Units issued	29,411,010	27,872,804	-	27,872,804
Units redeemed	-	-	-	-
Balance at 31 December 2019	<u>250,489,689</u>	<u>228,337,786</u>	<u>(5,644,896)</u>	<u>222,692,890</u>

Consolidated Group	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
Balance at 1 July 2018	180,821,833	167,589,408	(6,829,856)	160,759,552
Total comprehensive loss attributable to unitholders	-	-	(1,847,793)	(1,847,793)
	<u>180,821,833</u>	<u>167,589,408</u>	<u>(8,677,649)</u>	<u>158,911,759</u>
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	-	(10,075,734)	(10,075,734)
Units issued	17,342,560	16,080,143	-	16,080,143
Units redeemed	-	-	-	-
Balance at 31 December 2018	<u>198,164,393</u>	<u>183,669,551</u>	<u>(18,753,383)</u>	<u>164,916,168</u>

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

	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
Westlawn Property Trust				
Balance at 1 July 2019	221,078,679	200,464,982	(5,363,625)	195,101,357
Total comprehensive profit attributable to unitholders	-	-	8,977,698	8,977,698
	<u>221,078,679</u>	<u>200,464,982</u>	<u>3,614,073</u>	<u>204,079,055</u>
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	-	(7,632,333)	(7,632,333)
Units issued	29,411,010	27,872,804	-	27,872,804
Units redeemed	-	-	-	-
Balance at 31 December 2019	<u>250,489,689</u>	<u>228,337,786</u>	<u>(4,018,260)</u>	<u>224,319,526</u>

	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
Westlawn Property Trust				
Balance at 1 July 2018	180,821,833	167,589,408	(5,363,623)	162,225,785
Total comprehensive loss attributable to unitholders	-	-	(1,700,154)	(1,700,154)
	<u>180,821,833</u>	<u>167,589,408</u>	<u>(7,063,777)</u>	<u>160,525,631</u>
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	-	(10,075,735)	(10,075,735)
Units issued	17,342,560	16,080,143	-	16,080,143
Units redeemed	-	-	-	-
Balance at 31 December 2018	<u>198,164,393</u>	<u>183,669,551</u>	<u>(17,139,512)</u>	<u>166,530,039</u>

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

	Consolidated Group		Westlawn Property Trust	
	31 December	31 December	31 December	31 December
Note	2019	2018	2019	2018
	\$	\$	\$	\$
Cash flows from operating activities				
Receipts from operations (including GST)	12,911,133	11,292,595	11,178,360	11,292,596
Interest received	108,147	136,293	89,842	136,245
Proceeds on sale of inventories	14,456,690	-	-	-
Payment on sale of derivative financial instruments	-	(810,680)	-	(810,680)
Other receipts	64	13,914	64	13,914
Payment to suppliers	(8,006,869)	(8,968,034)	(7,258,499)	(8,909,069)
Payment for inventory	(17,728,577)	(7,151,826)	(9,476,742)	(5,550,031)
Goods & services tax received (paid)	(110,049)	(614,833)	89,967	(698,686)
Borrowing costs paid	(2,252,413)	(3,721,770)	(2,252,413)	(3,721,769)
Income taxes received (paid)	-	(849,077)	-	(849,077)
Net cash used in operating activities	22 (621,874)	(10,673,418)	(7,629,421)	(9,096,557)
Cash flows from investing activities				
Net loans repaid (advanced)	-	3,811,452	(41,837,143)	2,087,143
Payment for property	(52,730,790)	(3,690,597)	(3,551,377)	(3,690,597)
Payment for investments in trusts	-	-	(200)	-
Net cash used in investing activities	(52,730,790)	120,855	(45,388,720)	(1,603,454)
Cash flows from financing activities				
Proceeds from issue of units	24,223,914	6,353,897	24,223,914	6,353,897
Proceeds from borrowings	17,057,215	107,035,899	17,057,215	107,035,899
Repayment of borrowings	(5,419,344)	(87,818,007)	(5,419,344)	(87,818,007)
Distributions paid	(7,632,335)	(10,075,734)	(7,632,334)	(10,075,735)
Net cash provided by financing activities	28,229,450	15,496,055	28,229,451	15,496,054
Net increase (decrease) in cash held	(25,123,214)	4,943,492	(24,788,690)	4,796,043
Cash at beginning of financial year	32,027,318	21,832,987	31,219,496	21,832,987
Cash at the end of the financial period	6, 22 6,904,104	26,776,479	6,430,806	26,629,030

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

1 Summary of significant accounting policies

The Westlawn Property Group ("Group") represents the combination or stapling of Westlawn Property Trust ("WPT") and Epiq Lennox Property Trust ("ELPT") and the entities they controlled at the end of, or during, the period. WPT and ELPT are both registered managed investment schemes in accordance with the Corporations Act 2001 and are domiciled in Australia.

The constitutions of WPT and ELPT and the stapling deed between the entities ensure the number of units on issue in both trusts shall be equal and that their unit holders be identical. Clarence Property Corporation Limited as Responsible Entity of both trusts must at all times act in the best interest of the Group. The stapling arrangement will continue until either the winding up of WPT or ELPT, or either entity terminating the stapling arrangement.

The Group has elected to utilise ASIC Corporations (Stapled Group Reports) Instrument 2015/838 and present the combined financial statements covering the consolidated Westlawn Property Group ("Consolidated Group") and Westlawn Property Trust as an individual entity.

Basis of preparation

The financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and also meet the requirements of AASB 134: Interim Financial Reporting.

Australian Accounting Standards set out accounting policies the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements 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 financial statements are presented in Australian dollars which is the Group's functional and presentational currency.

Statement of compliance

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The Group adopted AASB 9 and AASB 15 at 1 July 2018. AASB 9 addresses the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; impairment of assets; and hedge accounting. AASB 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time and over time.

The adoption of these standards had no material impact on the classification and measurement of the Group's financial assets and financial liabilities, or accounting policies relating to these instruments.

1 Summary of significant accounting policies (continued)

a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Westlawn Property Trust and Epiq Lennox Property Trust as at 31 December 2019 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b) Investment property

Investment property comprises investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income or for capital appreciation or both. Initially, investment property is measured at cost including transaction costs. Subsequent to initial recognition, investment property is then stated at fair value at each balance date with any gain or loss arising from a change in fair value of investment property recognised in the statement of profit or loss and other comprehensive income in the period in which it arises. Fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

External independent valuations are commissioned at least once every three years or when the directors are of the opinion there has been a material movement in the market. Internal valuations are also undertaken by suitably experienced and qualified appraisers for those properties not externally valued at each balance date.

The reported fair value of investment property reflects market conditions at the end of the reporting period. While this represents the best estimate as at the reporting date, actual sale prices achieved may be higher or lower than the most recent valuation. This is particularly relevant in periods of market illiquidity or uncertainty.

1 Summary of significant accounting policies (continued)

b) Investment property (continued)

Land & Buildings (including integral plant and equipment) which comprise the investment property are not depreciated. The carrying amount of investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

Transfers are made from investment property to inventories when, and only when, there is a change in use as evidenced by commencement of development with a view to sale. When an investment property is disposed of without development, it continues to be treated as an investment property until it is derecognised and does not treat it as inventory.

Investment property is derecognised when disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on derecognition of an investment property is recognised in the statement of profit or loss and other comprehensive income in the period of derecognition.

Investment property also includes property under construction for future use as investment property. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

c) Operating leases - investment property

The minimum rental revenue of operating leases with fixed rental increases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, is recognised on a straight-line basis.

Revenue from other leases is recognised in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

Lease incentives under operating leases may take the form of cash, rent-free periods, contributions to certain lessee costs, relocation costs and lessee or lessor owned fit-outs and improvements. These incentives are capitalised as part of the carrying value of the investment property and amortised on a straight-line basis over the term of the lease as a reduction of rental income. The carrying amount of the lease incentives is reflected in the fair value of investment property.

In addition to revenue generated directly from leases, which are accounted for in accordance with AASB 117 Leases, rent from investment properties includes non-lease revenue earned from tenants, predominantly in relation to recovery of asset operating costs (known as 'outgoings'). This outgoings revenue is within the scope of AASB 15 and therefore recognised and measured under that standard.

d) Inventories

Where a property or asset is acquired for the purpose of undergoing redevelopment and subsequent resale or is in the process of production for such sale, it is treated as inventories. Inventories is stated at the lower of cost and net realisable value. Cost includes acquisition, development and holding costs such as borrowing costs, rates and taxes. Holding costs incurred after the completion of the development are expensed. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Transfers are made from inventories to investment property when, and only when, there is a change in use evidenced by commencement of an operating lease to another party. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss and other comprehensive income in the period in which the transfer takes place.

1 Summary of significant accounting policies (continued)

e) AASB 9 Financial Instruments

Initial recognition and measurement

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

Financial assets and financial liabilities are initially measured at fair value. On initial recognition, financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognised net of transaction costs directly attributable to the acquisition of these financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss and other comprehensive income.

i) Financial assets

Classification and subsequent recognition and measurement

Subsequent to initial recognition the Group classifies its financial assets in the following measurement categories:

- Those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group does not carry financial assets that are classified as 'fair value through other comprehensive income', and currently does not apply hedge accounting.

Financial assets recognised at amortised cost

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss and other comprehensive income.

Financial assets recognised at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or recognition at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income and presented net within other gains / (losses) in the period in which it arises.

Equity investments recognised at fair value through profit or loss

Subsequent to initial recognition, the Group continues to measure all equity investments at fair value. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (e.g. for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis and pricing models to reflect the issuer's specific circumstances.

1 Summary of significant accounting policies (continued)**e) AASB 9 Financial Instruments (continued)****Impairment**

For trade and lease receivables, the Group applies the simplified approach permitted by AASB 9, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

The Group impairs a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

ii) Financial liabilities and equity**Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the Group are recognised at the value of the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss and other comprehensive income.

1 Summary of significant accounting policies (continued)**f) Derivative financial instruments**

The Group is exposed to changes in interest rates and enters into interest rate swap agreements to convert certain variable interest rate borrowings to fixed interest rates.

The swaps are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While the Manager has determined that these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by Australian Accounting Standards and therefore do not qualify for hedge accounting.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Gains or losses arising from changes in fair value are recognised immediately in the statement of profit or loss and other comprehensive income. Fair value at reporting date is calculated to be the present value of the estimated future cash flows of these instruments. The two key variables used in the valuation are the forward price curve and discount rates. Each instrument is discounted at the market interest rate appropriate to the instrument.

Derivative financial instruments are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

g) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication an asset may be impaired. The assessment includes considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset (being the higher of the asset's fair value less costs to sell or value in use) to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

1 Summary of significant accounting policies (continued)

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

j) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend & trust distribution revenue is recognised when the right to receive a dividend or trust distribution has been established. There has been no change to the recognition of revenue as a result of the adoption of AASB 15.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment (refer to note 1b).

Revenue from inventory sales is recognised in the statement of profit or loss and other comprehensive income upon settlement and after all contractual duties are completed, in accordance with AASB 15.

k) Trade and other payables

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

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs, except loan establishment costs, are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Loan establishment costs are capitalised and amortised over the term of the facility to which they relate, or five years, whichever is shorter.

1 Summary of significant accounting policies (continued)

m) Taxation

i) Income Tax

Under current Australian income tax legislation, WPT is not liable to income tax provided its taxable income (including any realised capital gains) is fully distributed to unitholders each year. WPT fully distributes its taxable income to unitholders.

Under current Australian income tax legislation, ELPT is liable to income tax as it is classified as a Public Trading Trust.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

ii) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred on a purchase of goods and services is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Tax Office, is classified as operating cash flows.

1 Summary of significant accounting policies (continued)

n) Critical accounting estimates and judgements

The Responsible Entity evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

Key judgements

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in the following notes:

Note 12 - Investment property.

Note 17 - Derivative financial instruments.

	Consolidated Group		Westlawn Property Trust	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$
2 Revenue and other income				
Other income comprises:				
Other revenue	64	13,914	64	13,914
	64	13,914	64	13,914
3 Profit				
Net profit/(loss) before income tax has been determined after:				
Financing costs				
Interest expense	2,194,939	2,255,134	2,194,939	2,255,133
Borrowing costs	214,675	307,449	214,675	307,449
	2,409,614	2,562,583	2,409,614	2,562,582
4 Auditors' remuneration				
Detail of remuneration of auditor is set out below:				
Auditing or reviewing the financial statements	41,190	41,410	35,160	41,410
	41,190	41,410	35,160	41,410
5 Income tax expense				
Income tax expense				
Current tax	1,076,419	(785,315)	-	(749,176)
Adjustment recognised for prior periods	-	52,449	-	83
Derecognition of previous deferred taxes	-	(82,803)	-	(82,803)
Deferred tax expense/(income)	827,014	120	-	120
Tax rate differential	-	-	-	-
Total income tax expense/(benefit)	1,903,433	(815,549)	-	(831,776)
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>				
Net profit/(loss) before income tax	12,167,510	(2,663,342)	8,977,698	(2,531,930)
Tax at the statutory tax rate of 27.5%	3,346,065	(799,003)	2,468,867	(759,579)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Movement in market values	(538,880)	-	(1,688,554)	-
Tax rate differential	(903,752)	3,285	(780,313)	-
Sundry items	-	(72,280)	-	(72,280)
	1,903,433	(867,998)	-	(831,859)
Adjustment recognised for prior periods	-	52,449	-	83
Income tax expense/(benefit)	1,903,433	(815,549)	-	(831,776)

	Consolidated Group		Westlawn Property Trust	
	31 December	30 June	31 December	30 June
	2019	2019	2019	2019
	\$	\$	\$	\$
6 Cash and cash equivalents				
Security deposits	3,700	3,700	3,700	3,700
Cash held in trust	160,972	193,464	160,972	193,464
Cash at bank	6,739,432	31,830,154	6,266,134	31,022,332
	6,904,104	32,027,318	6,430,806	31,219,496

7 Trade and other receivables

Current				
Trade and other debtors	848,591	1,263,381	847,987	1,257,324
Less provision for doubtful debts	(170,127)	(212,789)	(170,127)	(212,789)
GST receivable	1,093,826	316,015	786,687	-
Loan - Epiq Lennox Property Trust	-	-	12,500,000	8,000,000
Loan - Yamba Quays Pty Ltd	-	-	14,509,509	12,559,509
Total current	1,772,290	1,366,607	28,474,056	21,604,044
Non-current				
Loan - Epiq Lennox Property Trust	-	-	7,605,393	19,630,911
Loan - Wacol Industrial Trust	-	-	7,937,070	8,285,570
Loan - Logan Village Shopping Centre Trust	-	-	17,002,495	-
Loan - Ormeau Shopping Centre Trust	-	-	30,758,666	-
Total non-current	-	-	63,303,624	27,916,481
Total trade and other receivables	1,772,290	1,366,607	91,777,680	49,520,525

Refer Note 24(e) for further information on the Loans to Epiq Lennox Property Trust, Yamba Quays Pty Ltd, Wacol Industrial Trust, Logan Village Shopping Centre Trust and Ormeau Shopping Centre Trust.

The movement in provision for doubtful debts during the period was as follows:

Opening balance	212,789	-	212,789	-
Provision for doubtful receivables	-	271,538	-	271,538
Receivables written off during the year	-	(58,749)	-	(58,749)
Reversals of amounts provided	(42,662)	-	(42,662)	-
Closing balance	170,127	212,789	170,127	212,789

8 Financial assets

Non-current				
Financial assets at fair value through profit or loss				
Units in unlisted unit trusts	2,579,250	2,579,250	2,579,250	2,579,250
Units in Wacol Industrial Trust - at cost	-	-	300	100
	2,579,250	2,579,250	2,579,550	2,579,350

	Consolidated Group		Westlawn Property Trust	
	31 December	30 June	31 December	30 June
	2019	2019	2019	2019
	\$	\$	\$	\$
9 Inventory				
Current				
Land held for resale - at cost	2,575,363	2,360,589	-	-
Land under development - at cost	29,417,349	16,464,175	-	-
	31,992,712	18,824,764	-	-
Non-Current				
Land held for resale - at net realisable value	629,014	629,014	629,014	629,014
Land under development - at cost	27,019,706	26,904,413	20,670,442	9,570,068
	27,648,720	27,533,427	21,299,456	10,199,082
Total inventory	59,641,432	46,358,191	21,299,456	10,199,082

The total carrying amount of inventory pledged as security for liabilities is \$45,521,708 (2019: \$34,321,818)

10 Deferred tax assets

Deferred tax assets comprises temporary differences attributable to:

Inventory	61,675	738,431	-	-
Tax losses	46,362	180,753	-	-
Total deferred tax assets	108,037	919,184	-	-

11 Other assets

Current				
Prepayments	1,128,756	974,425	1,000,700	624,261
Other assets	387,263	290,204	291,582	228,350
	1,516,019	1,264,629	1,292,282	852,611
Non-current				
Prepayments	248,974	425,172	248,974	425,172
	248,974	425,172	248,974	425,172
Total other assets	1,764,993	1,689,801	1,541,256	1,277,783

	Consolidated Group		Westlawn Property Trust	
	31 December	30 June	31 December	30 June
	2019	2019	2019	2019
	\$	\$	\$	\$
12 Investment property				
Investment property (at fair value)				
<u>Commercial</u>				
100 Blundell Boulevard, Tweed Heads	9,000,000	8,700,000	9,000,000	8,700,000
29 Molesworth Street, Lismore	19,300,000	18,100,000	19,300,000	18,100,000
The Rocket, Robina (i)	39,250,000	36,250,000	39,250,000	36,250,000
183 Varsity Parade, Varsity Lakes	11,400,000	11,400,000	11,400,000	11,400,000
201 Leichhardt Street, Spring Hill	14,900,000	14,100,000	14,900,000	14,100,000
9 Hercules Street, Hamilton	10,200,000	10,200,000	10,200,000	10,200,000
<u>Retail</u>				
Yamba Fair	35,500,000	33,750,000	35,500,000	33,750,000
Yamba residential property (ii)	350,000	330,000	350,000	330,000
Byron Bay Fair	11,000,000	11,000,000	11,000,000	11,000,000
Tamar Village, Ballina	7,325,000	6,300,000	7,325,000	6,300,000
Yamba Fuel Station	4,510,000	3,370,471	4,510,000	3,370,471
Bell Central, Mudgeeraba	15,500,000	15,500,000	15,500,000	15,500,000
Zone, Underwood	31,250,000	31,250,000	31,250,000	31,250,000
Logan Village Marketplace	16,000,000	-	-	-
Ormeau Marketplace	29,000,000	-	-	-
<u>Industrial/Logistics/Distribution</u>				
45 Alexandra Place, Murarrie	12,000,000	11,700,000	12,000,000	11,700,000
48 Bell-Are Avenue, Northgate	8,600,000	8,600,000	8,600,000	8,600,000
42 Mcroyle Street, Wacol	7,850,000	7,850,000	-	-
	282,935,000	228,400,471	230,085,000	220,550,471

i) The amounts quoted represent the Group's 50% ownership in the property ii) This property adjoins Yamba Fair and is held for future development of the centre.

Movement in investment properties

Opening balance	228,400,471	215,700,895	220,550,471	215,700,895
Additions at cost				
Acquisition price	45,000,000	8,346,824	-	-
Transaction costs	4,142,953	11,753	-	1,093
Improvements	2,663,384	5,895,306	2,657,284	5,895,306
Disposals	-	-	-	-
Net fair value adjustment	1,703,177	(2,871,944)	5,883,813	(2,364,053)
Lease incentives and leasing fees deferred	924,453	1,600,172	894,093	1,600,173
Amortisation of lease incentives and leasing fees	(174,992)	(443,628)	(173,740)	(443,628)
Movement in straight-lining rental income asset	275,554	161,093	273,079	160,685
Closing balance	282,935,000	228,400,471	230,085,000	220,550,471

12 Investment property (continued)

Fair value measurement, valuation techniques and inputs

Fair values are determined by a combination of independent valuations and Directors' valuations. The independent valuations are performed by an accredited independent valuer. Investment properties are independently valued at least every three years. Directors' valuations are applied to all investment properties which have not been valued by an independent valuer in the preceding 12 months. The carrying value of investment properties which have been independently valued within this timescale have been maintained at the independent valuation unless there is evidence of a material change.

The adopted valuations (both Director and independent) for investment properties are a combination of the valuations determined using the Discounted Cash Flow method and the income capitalisation method supported by recent market sales evidence.

Term and definition	Input Range	Fair Value Increase in input	Sensitivity Decrease in input
<u>Capitalisation rate</u> The rate at which net market income is capitalised to determine the value of a property. The rate is determined having regard to market evidence and the prior external valuation.	5.75% - 8.00%	Decrease	Increase
<u>Discount rate</u> The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined having regard to market evidence and the prior external valuation.	6.00% - 9.00%	Decrease	Increase
<u>Net market rent</u> The estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent lease agreement, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).	\$94/m ² - \$1,397/m ²	Increase	Decrease
<u>Weighted average lease expiry ("WALE")</u> WALE is used to measure the overall tenancy risk of a particular property to assess the likelihood of a property being vacated. WALE of a property is measured across all tenants' remaining lease terms (in years) and is weighted with the tenants' income against total combined income.	1.1yrs - 19.8yrs	Increase	Decrease
<u>Occupancy</u> Occupancy is used to measure the proportion of the lettable space of a property which is occupied by tenants under current lease contracts and therefore how much rent is received from the property as a percentage of total rent possible if the property was fully occupied.	47% - 100%	Increase	Decrease

All the significant inputs noted above are not observable market data, hence investment property valuations are considered Level 3 fair value measurements as detailed in note 25(f).

	Consolidated Group		Westlawn Property Trust	
	31 December	30 June	31 December	30 June
	2019	2019	2019	2019
	\$	\$	\$	\$
12 Investment property (continued)				
Future minimum lease receivables				
Future minimum lease payments receivable from non-cancellable operating leases:				
Within one year	20,026,229	15,509,316	16,198,313	15,010,978
Later than one year but not later than five years	47,919,694	29,719,049	34,992,428	29,102,380
Later than five years	40,429,397	7,280,941	14,980,324	7,280,941
	<u>108,375,320</u>	<u>52,509,306</u>	<u>66,171,065</u>	<u>51,394,299</u>

The Group, as lessor, typically enters into operating leases with tenants for periods of 3 years to 10 years with option periods. The lease agreements provide for either rental increases as specified in the agreement or CPI increases.

13 Trade and other payables

Current				
Other creditors	5,686,488	2,463,601	3,287,215	1,516,485
GST payable	-	-	-	136,359
	<u>5,686,488</u>	<u>2,463,601</u>	<u>3,287,215</u>	<u>1,652,844</u>
Included in the above are amounts due to related parties:				
Other creditors at an arm's length basis	2,010,343	73,566	171,394	65,646
	<u>2,010,343</u>	<u>73,566</u>	<u>171,394</u>	<u>65,646</u>

14 Income tax

Current				
Provision for income tax	1,092,286	-	-	-
	<u>1,092,286</u>	<u>-</u>	<u>-</u>	<u>-</u>

15 Other liabilities

Current				
Rent received in advance	1,007,576	1,203,453	980,496	1,178,937
Units to be issued	4,783,665	8,432,555	4,783,665	8,432,555
Other liabilities	533,168	525,324	433,813	453,468
	<u>6,324,409</u>	<u>10,161,332</u>	<u>6,197,974</u>	<u>10,064,960</u>

	Consolidated Group		Westlawn Property Trust	
	31 December	30 June	31 December	30 June
	2019	2019	2019	2019
	\$	\$	\$	\$
16 Financial liabilities				
Current				
Loans - financial institutions	19,937,500	21,673,126	19,937,500	21,673,126
	19,937,500	21,673,126	19,937,500	21,673,126
Non-current				
Loans - financial institutions	97,582,040	84,208,544	97,582,040	84,208,544
	97,582,040	84,208,544	97,582,040	84,208,544
	117,519,540	105,881,670	117,519,540	105,881,670

Details of the Group's financial liabilities at balance date are as follows:

	Facility	Utilised	Facility	Utilised
	31 December	31 December	30 June	30 June
	2019	2019	2019	2019
	\$	\$	\$	\$
Facility				
Loan - ING Bank (Australia) (i)	19,937,500	19,937,500	20,425,000	20,425,000
Loan - Bank of Queensland (ii)	-	-	4,500,000	1,248,126
Loan - Bank of Queensland (iii)	19,800,000	8,160,371	-	-
Loan - Bank of Queensland (iv)	2,255,000	1,131,556	-	-
Loan - Commonwealth Bank of Australia (v)	46,400,000	46,400,000	46,400,000	46,400,000
Loan - Westpac Banking Corporation (v)	46,602,000	41,890,113	46,602,000	37,808,544
Total facilities	134,994,500	117,519,540	117,927,000	105,881,670

The Group had \$17,474,960 (June 2019: \$12,045,330) in unused finance facilities at balance date.

(i) The ING Bank (Australia) finance facility is secured by a first registered mortgage over, and a General Security Agreement limited to, the property known as 'The Rocket' of which the Group owns 50%. This is a joint facility with the co-owner of that property. The amounts quoted represent the Group's 50% interest. The facility has a maturity date of May 2020. Terms have been received for a 3 year extension of the facility.

(ii) The Bank of Queensland finance facility was secured by a first registered mortgage over, and a General Security Agreement limited to, the development property known as "Epiq" Lennox Head. The facility was repaid in November 2019.

(iii) The Bank of Queensland finance facility is secured by a first registered mortgage over, and a General Security Agreement limited to, the development property known as "Epiq Marketplace" Lennox Head. The facility has a maturity date of June 2021.

(iv) The Bank of Queensland finance facility is secured by a first registered mortgage over, and a General Security Agreement limited to, the development property known as "Epiq Childcare" Lennox Head. The facility has a maturity date of August 2024.

(v) The Group has entered into a Common Terms Deed financing arrangement, with CBA and Westpac, which is secured by first registered mortgages over all but four of the Group's investment properties. The facilities have a maturity date of September 2021.

	Consolidated Group		Westlawn Property Trust	
	31 December	30 June	31 December	30 June
	2019	2019	2019	2019
	\$	\$	\$	\$
17 Derivative financial instruments				
Non-current				
Interest rate swap contracts – at fair value	2,833,724	3,090,107	2,833,724	3,090,107
	<u>2,833,724</u>	<u>3,090,107</u>	<u>2,833,724</u>	<u>3,090,107</u>

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates.

Information regarding the Group's exposure to interest rates is provided in note 25(d). Details of principal amounts, expiry dates and interest ranges of interest rate derivative (hedging) contracts are set out in note 25(d).

Fair value measurement

The fair value of interest rate swaps is the estimated amount that would be received or paid to transfer the swap at the reporting date, taking into account current interest rates and the current creditworthiness of swap counterparties.

The fair values of derivative financial instruments are determined using generally accepted pricing models which discount estimated future cash flows based on the terms and maturity of each contract and current market interest rates and/or foreign currency rates, adjusted for specific features of the instruments.

Derivative financial instrument valuations are considered Level 2 fair value measurements as detailed in note 25(f).

18 Franking credits

Franking credits available for subsequent years based on a tax rate of 27.5%

1,092,286	-	-	-
<u>1,092,286</u>	<u>-</u>	<u>-</u>	<u>-</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date.

19 Segment reporting

The Group operates as one segment and in one geographical location as a property investor throughout Australia.

20 Commitments for capital expenditure

As at 31 December 2019 the Group had the following commitments contracted for which costs have not been recognised as liabilities:

Inventory

Development and construction costs in respect to "Epiq" Lennox	13,093,067	25,812,669	10,478,898	19,017,486
Construction costs in respect to Yamba Fuel Station	-	518,310	-	518,310
Capital expenditure on property refurbishments and landlord works	151,230	574,600	151,230	574,600
Development costs in respect to Yamba Quays	-	1,746,823	-	-
Put and call option over stage 2 of Yamba Quays	15,000,000	-	-	-
	<u>28,244,297</u>	<u>28,652,402</u>	<u>10,630,128</u>	<u>20,110,396</u>

All the amounts above are payable within 12 months.

21 Contingencies

In the 2017 financial year, the Responsible Entity, on behalf of WPT, commenced court action against the co-owner of WPT's property at 203 Robina Town Centre Drive, Robina Qld. The judgement was handed down in May 2018, finding in favour of the Responsible Entity, and subsequently it was awarded costs. The judgement was appealed by the co-owner, with the appeal being dismissed in October 2018. The co-owner then sought leave to appeal to the High Court, which was dismissed with costs. Legal fees in respect to this matter are being assessed and are to be reimbursed to WPT by the co-owner.

The Group has given bank guarantees as at 31 December 2019 of \$2,965,727 (June 2019: \$4,112,723) to Ballina Shire Council in respect to maintenance and construction obligations at its "Epiq" Lennox development.

	Note	Consolidated Group		Westlawn Property Trust	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$	\$	\$	\$
22 Notes to the statement of cash flows					
a) Cash and cash equivalents					
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:					
Security deposits	6	3,700	3,700	3,700	3,700
Cash held in trust	6	160,972	220,521	160,972	220,521
Cash at bank	6	6,739,432	26,552,258	6,266,134	26,404,809
		<u>6,904,104</u>	<u>26,776,479</u>	<u>6,430,806</u>	<u>26,629,030</u>
b) Reconciliation of net profit/(loss) to net cash flows from operating activities					
Total comprehensive profit/(loss) attributable to unitholders		10,264,077	(1,847,793)	8,977,698	(1,700,154)
Non-cash items:					
Fair value adjustments to investment properties		(1,703,177)	3,493,116	(5,883,813)	3,493,116
Fair value adjustments to financial assets		-	-	-	-
Straightlining of rental income		(275,554)	(102,844)	(273,079)	(102,844)
Amortisation of lease incentives and leasing fees		174,992	278,700	173,740	278,700
Changes in assets and liabilities:					
Decrease (increase) in current receivables		372,128	267,292	366,675	267,293
Decrease (increase) in inventories		(13,283,241)	(7,620,806)	(11,100,374)	(5,993,267)
Decrease (increase) in tax assets		811,147	(698,057)	-	(714,284)
Decrease (increase) in other assets		(75,192)	(1,717,978)	(263,473)	(1,656,124)
Increase (decrease) in sundry creditors		3,222,887	(735,788)	1,770,730	(1,018,970)
Increase (decrease) in other liabilities		7,844	38,174	(19,655)	38,174
Increase (decrease) in GST payable		(777,811)	(1,196,754)	(923,046)	(1,157,517)
Increase (decrease) in provision for income tax		1,092,286	(613,221)	-	(613,221)
Increase (decrease) in deferred tax liabilities		-	(353,348)	-	(353,348)
Increase (decrease) in income in advance		(195,877)	(106,868)	(198,441)	(106,868)
Increase (decrease) in derivative financial instruments		(256,383)	242,757	(256,383)	242,757
Net cash used in operating activities		<u>(621,874)</u>	<u>(10,673,418)</u>	<u>(7,629,421)</u>	<u>(9,096,557)</u>

23 Events subsequent to reporting date

On 29th January Wacol Industrial Trust a wholly-owned subsidiary entity of Westlawn Property Trust entered into a contract to purchase an industrial property located at 146 Canberra Street, Hemmant for \$6,500,000. The acquisition will be funded from unused finance facilities and surplus cash reserves.

No matter or circumstance, other than as mentioned above, has arisen since the end of the reporting period that has significantly affected or may significantly affect:

- i) the operations of the Group;
- ii) the results of those operations; or
- iii) the state of affairs of the Group in subsequent financial years.

24 Related party disclosures

a) Responsible Entity

Both WPT and ELPT are required to have an incorporated responsible entity to manage the activities of the trusts. The Responsible Entity of both trusts is Clarence Property Corporation Limited.

b) Key management personnel

The following persons were key management personnel of the Responsible Entity from 1 July 2019 to 31 December 2019, unless otherwise stated.

<u>Key management person</u>	<u>Position</u>
Jim Dougherty	Chairman – Non-Executive
Peter Fahey	Managing Director - Executive
Darrell Irwin	Director – Executive
Tony Tippet	Director – Non-Executive

c) Key management personnel compensation

No compensation is paid to any of the key management personnel or employees of the Responsible Entity directly by the Group.

d) Unit holdings:

The Responsible Entity and its key management personnel held units in the Group as follows:

	Balance 01/07/2018	Net Purchases / (Sales)	Balance 30/06/2019	Net Purchases / (Sales)	Balance 31/12/2019
Jim Dougherty:					
JW & CP Dougherty Super Fund	372,021	-	372,021	160,000	532,021
Peter Fahey:					
P & D Fahey Super Fund	639,851	-	639,851	-	639,851
Darrell Irwin:					
Irwin Family Discretionary Trust	424,380	52,937	477,317	17,392	494,709
Tony Tippet:					
Tippet Superannuation Fund	469,000	25,537	494,537	947,368	1,441,905
Down To The Wire Pty Ltd	1,075,268	-	1,075,268	-	1,075,268
Responsible Entity:					
Clarence Property Corporation Ltd	607,809	45,627	653,436	23,809	677,245
Total	3,588,329	124,101	3,712,430	1,148,569	4,860,999

	Consolidated Group		Westlawn Property Trust	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	\$	\$	\$	\$
24 Related party disclosures (continued)				
e) Transactions				
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:				
(i) Paid/payable to:				
The Manager				
Paid/payable to the Manager:				
Management fees	1,102,349	978,743	957,627	914,039
Acquisition fees	1,350,000	-	-	-
Disposal fees	310,480	-	-	-
Development management fees	60,000	48,000	24,600	36,400
Project management fees	54,000	48,000	24,600	36,400
Accountancy fees	6,000	-	-	-
Development sales fees	155,240	-	-	-
Registry fees	9,000	9,000	9,000	9,000
Reimbursable expenses	-	221,022	-	-
	<u>3,047,069</u>	<u>1,304,765</u>	<u>1,015,827</u>	<u>995,839</u>
Received/receivable from the Manager:				
Rental of business premises	4,162	-	4,162	-
	<u>4,162</u>	<u>-</u>	<u>4,162</u>	<u>-</u>
Clarence Property Works Pty Ltd				
Property management, rent review & leasing fees	712,223	692,641	693,903	692,641

(ii) Loans:

Loan to Epiq Lennox Property Trust

Westlawn Property Trust has provided a loan facility of \$35,000,000 to Epiq Lennox Property Trust to enable it to purchase and develop its 'Epiq Lennox' development project. The balance owing at reporting date was \$20,105,393. The facility has a maturity date of 30 June 2023, with \$12,500,000 of net sales proceeds from Stage 5 settlements to be repaid by 31 December 2020. \$11,100,000 of net sales proceeds from the Stage 4 settlements was repaid against the loan during the period. No interest is charged on the facility.

Loan to Yamba Quays Pty Ltd

Westlawn Property Trust has provided a loan facility of \$20,000,000 to Yamba Quays Pty Ltd to enable it to purchase and develop its 'Yamba Quays' development project. The balance owing at reporting date was \$14,509,509. The facility has a maturity date of 30 June 2023 with net sales proceeds from settlement of the Stage 1 developed lots to be used to repay the outstanding loan by 30 June 2020. No interest is charged on the facility.

24 Related party disclosures (continued)

Loan to Wacol Industrial Trust

Westlawn Property Trust has provided a loan facility of \$10,000,000 to Wacol Industrial Trust to enable it to purchase its property at 42 Mcroyle Street, Wacol. The balance owing at reporting date was \$7,937,070. The facility has a maturity date of 30 June 2023. No interest is charged on the facility.

Loan to Logan Village Shopping Centre Trust

Westlawn Property Trust has provided a loan facility of \$17,500,000 to Logan Village Shopping Centre Trust to enable it to purchase Logan Village Marketplace. The balance owing at reporting date was \$17,002,495. The facility has a maturity date of 30 June 2023. No interest is charged on the facility.

Loan to Ormeau Shopping Centre Trust

Westlawn Property Trust has provided a loan facility of \$31,000,000 to Ormeau Shopping Centre Trust to enable it to purchase Ormeau Marketplace. The balance owing at reporting date was \$30,758,666. The facility has a maturity date of 30 June 2023. No interest is charged on the facility.

25 Financial instruments

a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (interest rate risk & equity price risk).

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from tenants and investment in securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each purchaser. The Group has a diverse range of tenants and therefore there is no significant concentration of credit risk, either by nature of industry or geographically.

Investment in securities

The Group limits its exposure to credit risk by only investing in liquid securities or securities that have fixed term durations.

ii) Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has liquidity risk management policies, which assist in monitoring cash flow requirements. Typically the Group ensures it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days, including the servicing of financial obligations. Cash on demand is defined as cash held or unutilised borrowing facilities.

The Group also ensures that as far as practicable, sufficient borrowing facilities are approved for a minimum of 3 years.

iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The Group enters into financial liabilities in order to manage market risks.

Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rate. The Group has a guideline that at least 50% of its exposure to changes in interest rates on borrowings is hedged through entering into fixed rate bills or interest rate swaps. Additionally the Group may hold interest rate caps to provide further protection should extreme unforeseen circumstances arise.

Equity securities price risk

Equity securities price risk is the movement in the quoted price of stocks which is influenced by a range of factors, most of which are outside the control of the Group. The Group only invests in securities which are primarily backed by real property assets.

25 Financial instruments (continued)

b) Credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at reporting date was:

	Consolidated Group	
	31 December	30 June
	2019	2019
	\$	\$
Cash and cash equivalents	6,904,104	32,027,318
Trade receivables	848,590	1,263,380
Construction Bonds	353,532	290,204
Financial assets at fair value through profit or loss	2,579,250	2,579,250
	<u>10,685,476</u>	<u>36,160,152</u>

c) Liquidity risk

The following are the contractual maturities of financial liabilities:

31 December 2019	Carrying amount \$	1 year or less \$	1-3 years \$	3 -5 years \$	More than 5 years \$
Non-derivatives					
Secured loans	117,519,540	19,937,500	96,450,484	1,131,556	-
Trade & other payables	12,010,897	12,010,897	-	-	-
	<u>129,530,437</u>	<u>31,948,397</u>	<u>96,450,484</u>	<u>1,131,556</u>	<u>-</u>
Derivatives					
Net settled interest rate swaps	2,833,724	1,100,833	1,522,996	209,896	-
	<u>2,833,724</u>	<u>1,100,833</u>	<u>1,522,996</u>	<u>209,896</u>	<u>-</u>
30 June 2019					
Non-derivatives					
Secured bank loans/bills	105,881,670	21,673,126	84,208,544	-	-
Trade & other payables	12,624,933	12,624,933	-	-	-
	<u>118,506,603</u>	<u>34,298,059</u>	<u>84,208,544</u>	<u>-</u>	<u>-</u>
Derivatives					
Net settled interest rate swaps	3,090,107	924,489	1,711,807	453,811	-
	<u>3,090,107</u>	<u>924,489</u>	<u>1,711,807</u>	<u>453,811</u>	<u>-</u>

25 Financial instruments (continued)

d) Interest rate risk

At reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Weighted average effective interest rate		Consolidated Group	
	31 December 2019 %	30 June 2019 %	31 December 2019 \$	30 June 2019 \$
Variable rate financial assets				
Cash - National Australia Bank	0.00	1.48	3,776,697	17,029,597
Cash - Commonwealth Bank of Australia	0.25	0.25	67,061	125,763
Cash - Westpac Banking Corporation	0.60	1.35	1,266,103	4,187,794
Cash - Bank of Queensland	N/A	N/A	1,629,571	10,487,000
			6,739,432	31,830,154
Variable rate financial liabilities				
Loan - ING Bank (Australia)	2.97	4.20	19,937,500	20,425,000
Loan - BOQ Stage 4 Construction	N/A	5.38	-	1,248,126
Loan - BOQ Epiq Marketplace	4.42	N/A	8,160,371	-
Loan - BOQ Epiq Childcare	4.53	N/A	1,131,556	-
Loan - Commonwealth Bank of Australia	2.95	4.07	46,400,000	46,400,000
Loan - Westpac Banking Corporation	2.85	3.97	41,890,113	37,808,544
			117,519,540	105,881,670

In addition the Group holds the following treasury instruments:

Type	BBSY Rate	Amount \$	Start Date	Expiry Date
Fixed Rate Swap	2.33%	25,000,000	Dec-18	Sep-21
Fixed Rate Swap	2.45%	20,000,000	Dec-18	Sep-22
Fixed Rate Swap	2.59%	25,000,000	Dec-18	Sep-23

Sensitivity analysis

Interest rate risk represents the effect of a change in interest rates applied to the interest rate risk exposures at reporting date, including the estimated change in the value of derivative financial instruments that are carried at fair value. Cash and floating rate debt at reporting date are multiplied by the reasonably possible change in interest rates to determine the effect on profit for the financial year. The Group's derivative financial instruments whose carrying values are affected by changes in interest rates are interest rate swaps. In calculating the change in value of interest rate swaps, a change in interest rates at reporting date is assumed to result in a parallel shift in the forward yield curve. A change in interest rates of up to 100 basis points (1%) is considered to be reasonably possible in the current economic environment.

An increase of 100 basis points in interest rates at the reporting date would have increased net profit before tax by \$1,492,761 (June 2019: an increase of \$2,193,624); an equal change in the opposite direction would have decreased net profit before tax by \$1,492,761 (June 2019: a decrease of \$2,193,624).

25 Financial instruments (continued)

e) Equity securities price risk

The Group has no exposure to equity investments listed on the Australian Securities Exchange.

f) Fair values

The Group uses a number of methods to determine the fair value of its assets and liabilities as described in AASB 13 Fair Value Measurement. The methods comprise the following:

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

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

Investment property (refer Note 12).

Derivative financial instruments (refer Note 17).

The carrying amounts of receivables, other current assets and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

26 Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1.

Name	Principal place of business / Country of incorporation	Consolidated Group	
		31 December 2019 %	30 June 2019 %
Yamba Quays Pty Ltd	Australia	100%	100%
Wacol Industrial Trust	Australia	100%	100%
Logan Village Shopping Centre Trust	Australia	100%	-
Ormeau Shopping Centre Trust	Australia	100%	-

On 28th October 2019 Westlawn Property Trust established a subsidiary entity 'Logan Village Shopping Centre Trust' to acquire the property known as Logan Village Marketplace.

On 28th October 2019 Westlawn Property Trust established a subsidiary entity 'Ormeau Shopping Centre Trust' to acquire the property known as Ormeau Marketplace.

27 Group details

The principal place of business is Suite 11 Tamar Village, 92 Tamar Street Ballina NSW and its principal activity is investing in commercial rental properties and residential and commercial land development properties.

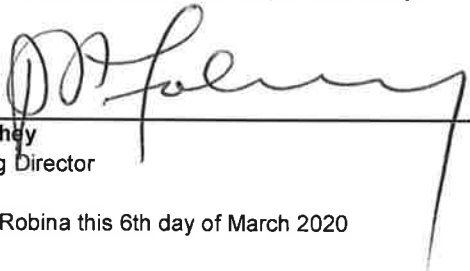
At 31 December 2019 there were twenty two employees of the Responsible Entity.

In accordance with a resolution of the directors, the directors of the responsible entity declare that:

1. The financial statements and notes of the consolidated Group and Westlawn Property Trust as set out on pages 8 to 37 are in accordance with the Corporations Act 2001 and:
 - a) Comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) Give a true and fair view of the financial position as at 31 December 2019 and of the performance for the half year ended on that date of the consolidated Group and Westlawn Property Trust.
2. In the directors' opinion there are reasonable grounds to believe the consolidated Group and Westlawn Property Trust will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the responsible entity.

On behalf of the directors of the responsible entity,


Peter Fahey
Managing Director


Jim Dougherty
Director

Dated in Robina this 6th day of March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF WESTLAWN PROPERTY GROUP

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Westlawn Property Group (Westlawn Property Trust and the Egiq Lennox Property Trust) ("the Group"), and Westlawn Property Trust ("the Trust"), which comprises the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Trusts and the Group, comprising the trusts and the entities it controlled at the period's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Westlawn Property Group and Westlawn Property Trust is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2019, and of the Group's and the Trust's financial performance for the half-year ended on that date; and
- (b) Complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Independence

We are independent of the Group and the Trust in accordance with 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.

Directors' Responsibility for the Half-Year Financial Report

The directors' of the responsible entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2019 and of the Group's and the Trust's performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Westlawn Property Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

6 MARCH 2020
BRISBANE