



# **ANNUAL REPORT**

**30 June 2020**

Clarence Property Corporation Limited

ACN 094 710 942, AFSL 230212

As Responsible Entity for

Westlawn Property Trust

ARSN 095 611 804

and

Epiq Lennox Property Trust

ARSN 626 201 974

<b>CONTENTS</b>	<b>PAGE</b>
Directors' report	2
Auditors' independence declaration	9
Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	14
Notes to the financial statements	15
Directors' declaration	42
Independent auditors' report	43

## **DIRECTORY**

### **Responsible Entity and Manager**

Clarence Property Corporation Limited  
ACN 094 710 942  
AFSL 230212

### **Registered Office**

Suite 11 Tamar Village  
92 Tamar Street  
Ballina NSW 2478  
Phone: 02 6686 4122  
Email: [enquiry@clarenceproperty.com.au](mailto:enquiry@clarenceproperty.com.au)

### **Registry**

PO Box 1478  
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 year ended 30 June 2020 (the "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 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 57 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 56 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 57 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 63 years**

Paul has over 40 years' experience in public accounting, finance and property. 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. Paul has been involved with the Clarence Property group since 2007, and during that time has been responsible for the day-to-day operations of the Group, its funding arrangements and management of numerous property transactions and land developments in New South Wales and Queensland. Paul sits on the Manager's compliance committee.

**iii) Directors meetings**

Fourteen directors meetings were held in the Period 1 July 2019 to 30 June 2020 and attendances were:

Jim Dougherty	14
Peter Fahey	13
Darrell Irwin	14
Tony Tippet	12

**2 Principal activity**

The principal activity of the Group during the 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 Period:

**i) Impact of Covid-19**

The results for the Period have been slightly impacted by the onset of the COVID-19 pandemic. During the Period the Group derived the majority of its income from property revenue (rent and recoverable outgoings) and sale of inventories (residential land sales). Although there was a small negative impact on property revenue resulting from the COVID-19 pandemic (approx. \$600,000), sale of inventories was not impacted as these sales occurred prior to the onset of the pandemic.

With the onset of the pandemic resulting in a lack of relevant transactional evidence in the marketplace, real estate valuations are currently subject to some uncertainty. This has had or may have an impact on the Group's real estate portfolio.

On 7 April 2020, the Federal government announced a National Cabinet Mandatory Code of Conduct ('the Code') in respect to commercial property leases. The Code applies to all commercial tenancies suffering financial stress or hardship as a result of the COVID-19 pandemic. The Group has complied with the Code across all its properties and worked with tenants to provide appropriate rent relief packages.

As a result of the Code-required rent relief provided by the Group to certain of its tenants, the distribution rate paid to unit holders was reduced by the equivalent of 2.5 cents per unit per annum, effective from the April 2020 distribution. At that time the decision was also made to suspend both the Group's capital raising and Distribution Reinvestment Plan (DRP). Subsequently, as it became evident the extent of the rent relief actually provided was less than initially forecast, the distribution rate was increased by 1.0 cent per unit p.a. from July 2020 and will be increased by a further 1.0 cent per unit p.a. from September 2020. Both the capital raising and DRP have also been recommenced.

### 3 Review of operations (continued)

#### ii) Operating results

The comprehensive income of the Group after income tax for the Period amounted to \$14,558,288 (2019: \$10,424,067 profit).

#### iii) 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.

In March 2020 the Group settled the purchase of 146 Canberra Street, Hemmant for \$6,500,000. The purchase was funded from cash reserves.

In June 2020 the Group settled the purchase of the residual Yamba Quays residential development site for \$15,000,000. The purchase was funded from cash reserves.

#### iv) Investment property sales

There were no investment property disposals during the Period.

#### v) 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
42 Mcroyle Street, Wacol	Mar-20	7,850,000	7,850,000	-
				<b>16,205,000</b>

### **3 Review of operations (continued)**

#### **vi) Property development**

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

- i) Stage 3B - Settlement of the final 10 lots in this stage was completed during the Period. This stage is now fully complete and sold;
- ii) Stage 4 - The sale of all 35 residential lots have settled. It is intended that 25 three and four bedroom townhouses will be built for sale on the three Stage 4 medium density lots. A development application has been lodged with Ballina Shire Council;
- iii) Stage 5 - Civil works practical completion has been achieved, and the subdivision certificate application lodged with Ballina Shire Council. 71 lots have been taken to the market and sold. Those sales are expected to settle in November 2020. 16 lots are yet to be marketed;
- iv) Superlot 5 and Superlot 7 - Modifications have been made to the original development applications, and are now with NSW Dept. of Planning, Industry and Environment for further assessment;
- v) The Childcare Centre construction is complete, and a 15 year lease commenced in February 2020; and
- vi) Epiq Marketplace - Construction of Epiq Marketplace was completed in May 2020, and the centre opened for trading on 20 June 2020.

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 29 lots have been settled. The balance 13 lots in Stage 1 continue to be marketed for sale.

#### **vii) Other investments**

WPT continues to hold 1,425,000 units in the Robina Quays Unit Trust, with a carrying value of \$1,524,690.

#### **viii) 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 PDS opening and up to the date of this report 72,399,816 units have been issued, with 49,755,368 units issued during the Period at an average of \$0.96 per unit.

Pursuant to the Distribution Reinvestment Plan, 2,556,460 units were issued at an average \$0.91 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.

On 17th February 2020 Westlawn Property Trust established a wholly-owned subsidiary entity 'WPT Sub-Trust 3'.

On 17th February 2020 Westlawn Property Trust established a wholly-owned subsidiary entity 'WPT Sub-Trust 4'.

On 21st February 2020 Westlawn Property Trust established a wholly-owned subsidiary entity 'North Shore Townsville Property Trust'.

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

## **5 Matters arising since the period end**

Since the Period end, the COVID-19 pandemic has continued to evolve with potential impacts on specific areas of judgement applied in preparing these financial statements.

The Group has continued to re-evaluate the potential impacts of the pandemic on significant inputs and key areas of judgement as outlined in Note 1. Based on these evaluations, the Group has determined there are no material events since Period end which would give rise to an adjustment.

On 31 July 2020 North Shore Townsville Property Trust, a wholly-owned subsidiary of Westlawn Property Trust, settled the purchase of the North Shore Marketplace Townsville neighbourhood shopping centre for \$16,700,000. The acquisition was funded from unused finance facilities and cash reserves.

On 13 August 2020 WPT Sub-Trust 3, a wholly-owned subsidiary of Westlawn Property Trust, entered into a contract to purchase an office/warehouse complex at 185 Queensport Road, Murarrie for \$8,800,000. The acquisition will be funded from cash reserves, with settlement expected in October 2020.

On 1 September 2020 Westlawn Property Trust paid out in full its interest rate swap contracts (refer Note 18).

On 3 September 2020 WPT Sub-Trust 3, a wholly-owned subsidiary of Westlawn Property Trust, settled the purchase of an industrial property at 81 Stradbroke Street, Heathwood for \$7,400,000. The acquisition was funded by a new finance facility from CBA (see below).

On 8 September 2020 WPT Sub-Trust 4, a wholly-owned subsidiary of Westlawn Property Trust, entered into a contract to purchase a logistics facility as 31 Paringa Road, Murarrie for \$18,200,000. The acquisition will be funded from unused finance facilities and cash reserves. Settlement is expected in late October 2020.

In September 2020, Westlawn Property Trust established a three year \$26,922,500 finance facility with CBA. Five properties were added to the common terms deed security pool to secure the facility.

No matter or circumstance, other than as mentioned above, has arisen since the end of the 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 2021 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 and develop 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, party to a Conservation Zone Management Plan relating to its "Epiq Lennox" development.

**8 Distributions to unit holders**

During the Period unit holders received or were entitled to receive cash distributions of \$16,009,417 (2019: \$16,783,835). The average annualised rate of cash distributions for the Period was 6.6 cents per unit (2019: 8.4 cents per unit).

Included in the above for the period ended 30 June 2019 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 2018.

**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 \$5,540,856 for the Period (2019: \$4,790,838) in accordance with the Constitutions of the Group.

Further details of fees paid to the Responsible Entity are disclosed in Note 25 on Page 33 of the financial statements.

**11 Indemnifying officers or auditor**

During or since the end of the 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 Period were:

- |    |                                  |                    |
|----|----------------------------------|--------------------|
| i) | Units as at 1 July 2019          | 221,078,679        |
|    | Units issued during the period   | 52,311,828         |
|    | Units redeemed during the period | -                  |
|    | Units as at 30 June 2020         | <u>273,390,507</u> |
- ii) During the Period the Responsible Entity sold its unit holding in the Group to its shareholders. The Responsible Entity holds no units as at 30 June 2020.
- iii) The value of the Group's assets at 30 June 2020 was \$397,270,278. 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 9.

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

  
Peter Fahey  
Managing Director

Dated 11th day of September 2020

  
Jim Dougherty  
Director

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 year ended 30 June 2020, there have been no contraventions of:

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

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

PKF BRISBANE AUDIT



LIAM MURPHY  
PARTNER

BRISBANE  
11 SEPTEMBER 2020

		<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>Note</b>	<b>30 June 2020 \$</b>	<b>30 June 2019 \$</b>	<b>30 June 2020 \$</b>	<b>30 June 2019 \$</b>
<b>Revenue and other income</b>					
Interest revenue		131,960	303,201	111,758	297,574
Property revenue		23,166,690	21,319,293	20,341,766	21,287,887
Sale of inventories		27,637,403	38,590,144	-	41,389,819
Profit/(loss) on disposal of derivative financial instruments		(300,800)	76,286	(300,800)	76,286
Other income	2	483,060	513,914	1,433,863	513,914
Fair value gain/(loss) from investment property	12	1,555,766	(2,871,944)	6,374,982	(2,364,053)
Fair value adjustments to financial assets		(931,689)	-	(931,689)	-
Fair value loss on derivative financial instruments		(439,113)	(3,090,107)	(439,113)	(3,090,107)
<b>Total revenue</b>		<b>51,303,277</b>	<b>54,840,787</b>	<b>26,590,767</b>	<b>58,111,320</b>
<b>Expenses</b>					
Financing costs	3	(4,666,628)	(5,580,537)	(4,484,554)	(5,580,536)
Property expenses and outgoings		(8,920,520)	(8,330,111)	(7,272,789)	(7,858,553)
Bad and doubtful debts expense		(291)	(246,853)	38,784	(246,853)
Inventory sales costs		(1,342,275)	(2,249,475)	(2,063)	(2,245,375)
Cost of inventories sold		(15,950,676)	(21,614,725)	-	(23,823,814)
Responsible entity fees	25	(2,432,690)	(2,014,868)	(2,165,745)	(1,841,325)
Other expenses		(940,849)	(845,104)	(856,366)	(818,167)
<b>Total expenses</b>		<b>(34,253,929)</b>	<b>(40,881,673)</b>	<b>(14,742,733)</b>	<b>(42,414,623)</b>
<b>Net profit before income tax</b>		<b>17,049,348</b>	<b>13,959,114</b>	<b>11,848,034</b>	<b>15,696,697</b>
Income tax (expense)/benefit	5	(2,491,060)	(3,535,047)	-	(3,825,846)
<b>Profit after income tax attributable to unitholders</b>		<b>14,558,288</b>	<b>10,424,067</b>	<b>11,848,034</b>	<b>11,870,851</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income attributable to unitholders</b>		<b>14,558,288</b>	<b>10,424,067</b>	<b>11,848,034</b>	<b>11,870,851</b>

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

		<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>Note</b>	<b>30 June 2020 \$</b>	<b>30 June 2019 \$</b>	<b>30 June 2020 \$</b>	<b>30 June 2019 \$</b>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	20,843,983	32,027,318	20,388,697	31,219,496
Trade and other receivables	7	2,603,604	1,366,607	18,351,546	21,604,044
Inventory	9	22,825,109	18,824,764	-	-
Prepaid income tax		220,502	444,231	590	444,231
Other assets	11	1,376,812	1,264,629	989,230	852,611
Total current assets		47,870,010	53,927,549	39,730,063	54,120,382
<b>Non-current assets</b>					
Trade and other receivables	7	-	-	94,804,363	27,916,481
Financial assets	8	1,524,690	2,579,250	1,525,290	2,579,350
Inventory	9	25,047,019	27,533,427	629,014	10,199,082
Investment property	12	322,060,000	228,400,471	262,710,000	220,550,471
Deferred tax assets	10	680,348	919,184	-	-
Other assets	11	88,211	425,172	88,211	425,172
Total non-current assets		349,400,268	259,857,504	359,756,878	261,670,556
<b>Total assets</b>		<b>397,270,278</b>	<b>313,785,053</b>	<b>399,486,941</b>	<b>315,790,938</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	2,877,428	2,463,601	2,087,869	1,652,844
Income tax	14	-	-	-	-
Other liabilities	15	1,410,229	10,161,332	1,038,143	10,064,960
Financial liabilities	17	39,266,479	21,673,126	39,266,479	21,673,126
Total current liabilities		43,554,136	34,298,059	42,392,491	33,390,930
<b>Non-current liabilities</b>					
Deferred tax liabilities	16	759,588	-	-	-
Financial liabilities	17	110,007,007	84,208,544	110,007,007	84,208,544
Derivative financial instruments	18	1,951,720	3,090,107	1,951,720	3,090,107
Total non-current liabilities		112,718,315	87,298,651	111,958,727	87,298,651
<b>Total liabilities</b>		<b>156,272,451</b>	<b>121,596,710</b>	<b>154,351,218</b>	<b>120,689,581</b>
<b>Net assets</b>		<b>240,997,827</b>	<b>192,188,343</b>	<b>245,135,723</b>	<b>195,101,357</b>
<b>EQUITY</b>					
<b>Unitholders' equity</b>					
Issued capital		238,651,314	200,464,982	238,651,314	200,464,982
Undistributed income		2,346,513	(8,276,639)	6,484,409	(5,363,625)
<b>Total unitholders' equity</b>		<b>240,997,827</b>	<b>192,188,343</b>	<b>245,135,723</b>	<b>195,101,357</b>

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

	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
<b>Consolidated Group</b>				
Balance at 1 July 2019	221,078,679	200,464,982	(8,276,639)	192,188,343
Total comprehensive profit attributable to unitholders	-	-	14,558,288	14,558,288
	<u>221,078,679</u>	<u>200,464,982</u>	<u>6,281,649</u>	<u>206,746,631</u>
<b>Transactions with unitholders recorded directly in equity:</b>				
Distributions paid/payable	-	(12,074,281)	(3,935,136)	(16,009,417)
Units issued	52,311,828	50,260,613	-	50,260,613
Units redeemed	-	-	-	-
<b>Balance at 30 June 2020</b>	<u>273,390,507</u>	<u>238,651,314</u>	<u>2,346,513</u>	<u>240,997,827</u>

	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
<b>Consolidated Group</b>				
Balance at 1 July 2018	180,821,833	167,589,408	(6,829,856)	160,759,552
Total comprehensive profit attributable to unitholders	-	-	10,424,067	10,424,067
	<u>180,821,833</u>	<u>167,589,408</u>	<u>3,594,211</u>	<u>171,183,619</u>
<b>Transactions with unitholders recorded directly in equity:</b>				
Distributions paid/payable	-	(4,912,985)	(11,870,850)	(16,783,835)
Units issued	40,256,846	37,788,559	-	37,788,559
Units redeemed	-	-	-	-
<b>Balance at 30 June 2019</b>	<u>221,078,679</u>	<u>200,464,982</u>	<u>(8,276,639)</u>	<u>192,188,343</u>

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

<b>Westlawn Property Trust</b>	<b>No. of units on issue</b>	<b>Issued capital \$</b>	<b>Undistributed income \$</b>	<b>Total \$</b>
Balance at 1 July 2019	221,078,679	200,464,982	(5,363,625)	195,101,357
Total comprehensive profit attributable to unitholders	-	-	11,848,034	11,848,034
	<u>221,078,679</u>	<u>200,464,982</u>	<u>6,484,409</u>	<u>206,949,391</u>
<b>Transactions with unitholders recorded directly in equity:</b>				
Distributions paid/payable	-	(12,074,281)	-	(12,074,281)
Units issued	52,311,828	50,260,613	-	50,260,613
Units redeemed	-	-	-	-
<b>Balance at 30 June 2020</b>	<u>273,390,507</u>	<u>238,651,314</u>	<u>6,484,409</u>	<u>245,135,723</u>

<b>Westlawn Property Trust</b>	<b>No. of units on issue</b>	<b>Issued capital \$</b>	<b>Undistributed income \$</b>	<b>Total \$</b>
Balance at 1 July 2018	180,821,833	167,589,408	(5,363,623)	162,225,785
Total comprehensive profit attributable to unitholders	-	-	11,870,851	11,870,851
	<u>180,821,833</u>	<u>167,589,408</u>	<u>6,507,228</u>	<u>174,096,636</u>
<b>Transactions with unitholders recorded directly in equity:</b>				
Distributions paid/payable	-	(4,912,985)	(11,870,853)	(16,783,838)
Units issued	40,256,846	37,788,559	-	37,788,559
Units redeemed	-	-	-	-
<b>Balance at 30 June 2019</b>	<u>221,078,679</u>	<u>200,464,982</u>	<u>(5,363,625)</u>	<u>195,101,357</u>

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

		<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>Note</b>	<b>30 June 2020 \$</b>	<b>30 June 2019 \$</b>	<b>30 June 2020 \$</b>	<b>30 June 2019 \$</b>
<b>Cash flows from operating activities</b>					
Receipts from operations (including GST)		27,043,048	25,451,097	21,672,606	25,329,783
Interest received		131,960	303,201	111,758	297,574
Trust distributions received		475,629	-	1,426,432	-
Proceeds on sale of inventories		27,637,403	38,590,144	-	41,389,819
Payment on sale of derivative financial instruments		(1,878,300)	(810,680)	(1,878,300)	(810,680)
Other receipts		7,432	513,914	7,432	513,914
Payment to suppliers		(19,748,053)	(20,696,559)	(13,781,715)	(17,718,086)
Payment for inventory		(48,718,922)	(32,643,227)	(21,329,339)	(15,559,604)
Goods & services tax received (paid)		377,733	(2,074,125)	1,158,843	(3,598,169)
Borrowing costs paid		(4,326,680)	(6,016,408)	(4,144,607)	(6,016,406)
Income taxes received (paid)		(1,268,907)	(4,969,780)	443,641	(4,969,780)
<b>Net cash provided by/(used in) operating activities</b>	<b>23</b>	<b>(20,267,657)</b>	<b>(2,352,423)</b>	<b>(16,313,249)</b>	<b>18,858,365</b>
<b>Cash flows from investing activities</b>					
Net loans repaid (advanced)		-	3,811,455	(63,828,374)	(26,564,538)
Payment for investment property		(61,160,417)	(15,854,055)	(4,868,553)	(7,496,572)
Payment for/(proceeds) from investments in trusts		122,871	-	122,371	(100)
<b>Net cash used in investing activities</b>		<b>(61,037,546)</b>	<b>(12,042,600)</b>	<b>(68,574,556)</b>	<b>(34,061,210)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of units		41,828,170	35,504,848	41,828,170	35,504,848
Proceeds from borrowings		54,649,388	107,273,776	54,649,388	107,273,776
Repayment of borrowings		(11,257,572)	(101,405,432)	(11,257,572)	(101,405,432)
Distributions paid		(15,098,118)	(16,783,838)	(11,162,980)	(16,783,838)
<b>Net cash provided by financing activities</b>		<b>70,121,868</b>	<b>24,589,354</b>	<b>74,057,006</b>	<b>24,589,354</b>
Net increase (decrease) in cash held		(11,183,335)	10,194,331	(10,830,799)	9,386,509
Cash at beginning of financial year		32,027,318	21,832,987	31,219,496	21,832,987
<b>Cash at the end of the financial year</b>	<b>6, 23</b>	<b>20,843,983</b>	<b>32,027,318</b>	<b>20,388,697</b>	<b>31,219,496</b>

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 the Corporations Act 2001, as appropriate for for-profit orientated entities.

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.

### **Going concern**

The financial report has been prepared on a going-concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The prospects for the Group's trading activities over the next 12 months remain strong. The Group is expected to have to provide minimal (approx. \$600,000) COVID rent relief in the 2020/21 financial year, and fully expects to settle the sale of residential land at its "Epiq Lennox" development, totalling approximately \$26 million by February 2021. There is no external debt to be repaid from these settlement proceeds.

### **Coronavirus (COVID-19) impact**

#### Background

COVID-19 was declared a worldwide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global financial markets. Governments across the globe have enforced restrictions to limit the spread of the virus, with most governments having implemented economic stimulus packages. Despite these measures there is still considerable economic uncertainty, especially with the perceived threat of a 'second wave' outbreak, and fears of a sustained recession.

COVID-19 has presented a fast evolving and significant challenge to global and local economies. The real estate sector specifically has been impacted by concerns surrounding security of income and uncertainty around property valuations. In addition, this uncertainty and associated market volatility has resulted in a significant slowdown of transactional activity and investment in most real estate markets.



## **1 Summary of significant accounting policies (continued)**

### **Coronavirus (COVID-19) impact (continued)**

The Group has considered the impact of COVID-19 and other market volatility in preparing its financial statements. While the specific areas of judgement as noted in Note 1 did not change, the impact of COVID-19 resulted in the application of further judgement within those identified areas. Given the evolving nature of COVID-19 and the limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events arising after the reporting period will be accounted for in future reporting periods.

#### Process applied

As a consequence of COVID-19 and in preparing these financial statements, management:

- re-evaluated whether there were any additional areas of judgement or estimation uncertainty;
- assessed the carrying values of the Group's assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19; and
- considered the impact of COVID-19 on the Group's financial statement disclosures.

### **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.

#### **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 30 June 2020 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.

## **1 Summary of significant accounting policies (continued)**

### **a) Principles of consolidation (continued)**

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.

As a result of COVID-19, there is some valuation uncertainty due to a subdued property investment market, a lack of relevant transactional evidence as well as uncertainties in relation to the potential impact of the pandemic on future cash flows. Assessing the fair value of investment property involves uncertainties around underlying assumptions given the constantly changing nature of the situation. Refer to Note 12 for an outline of the Group's investment property valuation methodologies, as well as additional sensitivity analysis performed around the fair valuation of properties in response to the onset of the pandemic.

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.

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.

## **1 Summary of significant accounting policies (continued)**

### **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.

### **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.

Given recent market volatility as a result of COVID-19, the Group reviewed the appropriateness of the inputs to its valuations of financial instruments including receivables, payables and derivative instruments. The impact of changes of inputs to the valuations has also been considered in terms of the classification of exposures in the fair value hierarchy and transfers within the fair value hierarchy.

## **1 Summary of significant accounting policies (continued)**

### **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.

#### **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.

## **1 Summary of significant accounting policies (continued)**

### **e) AASB 9 Financial Instruments (continued)**

#### **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.

### **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.

## **1 Summary of significant accounting policies (continued)**

### **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.

The COVID-19 pandemic, has had an adverse economic impact within Australia and globally, however it is not possible to accurately determine the future nature, extent or duration of the impact on the Group, material or otherwise, at the date of signing the financial statements. The directors of the Group have considered the potential impacts of COVID-19 and do not believe, based on the information currently available, it has had a significant impact in the assessment of impairment at balance date.

### **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.

### **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 1c).

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.

## **1 Summary of significant accounting policies (continued)**

### **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.

### **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.



## **1 Summary of significant accounting policies (continued)**

### **m) Taxation (continued)**

#### **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.

### **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 9 - Inventory.

Note 12 - Investment property.

Note 18 - Derivative financial instruments.

#### **COVID-19 pandemic**

Judgement has been exercised in considering the impacts the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

The board continues to actively monitor the situation.



	<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2 Revenue and other income</b>				
Other income comprises:				
Trust distributions	475,629	-	1,426,432	-
Other revenue	7,431	513,914	7,431	513,914
	<b>483,060</b>	<b>513,914</b>	<b>1,433,863</b>	<b>513,914</b>
<b>3 Profit</b>				
Net profit before income tax has been determined after:				
Financing costs				
Interest expense	4,238,451	4,549,771	4,056,378	4,549,769
Borrowing costs	428,177	1,030,766	428,176	1,030,767
	<b>4,666,628</b>	<b>5,580,537</b>	<b>4,484,554</b>	<b>5,580,536</b>
<b>4 Auditors' remuneration</b>				
Detail of remuneration of auditor is set out below:				
Auditing or reviewing the financial statements	69,400	58,390	64,400	56,390
	<b>69,400</b>	<b>58,390</b>	<b>64,400</b>	<b>56,390</b>
<b>5 Income tax expense</b>				
Income tax expense				
Current tax	1,899,720	3,484,259	-	3,912,246
Adjustment recognised for prior periods	-	83	-	83
Derecognition of previous deferred taxes	-	(700,527)	-	(899,076)
Deferred tax expense/(income)	591,340	667,670	-	812,593
Tax rate differential	-	83,562	-	-
Total income tax benefit	<b>2,491,060</b>	<b>3,535,047</b>	<b>-</b>	<b>3,825,846</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>				
Net profit before income tax	<b>17,049,348</b>	13,959,114	<b>11,848,034</b>	15,696,697
Tax at the statutory tax rate of 27.5%	<b>4,688,571</b>	4,187,734	<b>3,258,209</b>	4,709,009
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Movement in market values	(50,865)	-	(1,376,150)	-
Tax rate differential	(2,146,646)	83,562	(1,882,059)	-
Sundry items	-	(35,805)	-	15,830
	<b>2,491,060</b>	<b>4,235,491</b>	<b>-</b>	<b>4,724,839</b>
Adjustment recognised for prior periods	-	83	-	83
Derecognition of previous deferred taxes	-	(700,527)	-	(899,076)
<b>Income tax expense</b>	<b>2,491,060</b>	<b>3,535,047</b>	<b>-</b>	<b>3,825,846</b>

	<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>6 Cash and cash equivalents</b>				
Security deposits	3,700	3,700	3,700	3,700
Cash held in trust	205,098	193,464	155,098	193,464
Cash at bank	20,635,185	31,830,154	20,229,899	31,022,332
	<u>20,843,983</u>	<u>32,027,318</u>	<u>20,388,697</u>	<u>31,219,496</u>

## 7 Trade and other receivables

### Current

Trade and other debtors	901,924	1,263,381	866,106	1,257,324
Less provision for doubtful debts	(170,127)	(212,789)	(170,127)	(212,789)
GST receivable	1,871,807	316,015	155,567	-
Loan - Epiq Lennox Property Trust (i)	-	-	12,500,000	8,000,000
Loan - Yamba Quays Pty Ltd (i)	-	-	5,000,000	12,559,509
Total current	<u>2,603,604</u>	<u>1,366,607</u>	<u>18,351,546</u>	<u>21,604,044</u>

### Non-current

Loan - Epiq Lennox Property Trust (i)	-	-	13,448,903	19,630,911
Loan - Yamba Quays Pty Ltd (i)	-	-	18,051,369	-
Loan - Wacol Industrial Trust (i)	-	-	15,020,396	8,285,570
Loan - Logan Village Shopping Centre Trust (i)	-	-	17,152,267	-
Loan - Ormeau Shopping Centre Trust (i)	-	-	31,062,273	-
Loan - WPT Sub-Trust 3 (i)	-	-	52,622	-
Loan - WPT Sub-Trust 4 (i)	-	-	2,622	-
Loan - North Shore Townsville Property Trust (i)	-	-	13,911	-
Total non-current	<u>-</u>	<u>-</u>	<u>94,804,363</u>	<u>27,916,481</u>

Total trade and other receivables	<u>2,603,604</u>	<u>1,366,607</u>	<u>113,155,909</u>	<u>49,520,525</u>
-----------------------------------	------------------	------------------	--------------------	-------------------

(i) Refer Note 25(e) for further information on the loan

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

Opening balance	212,789	-	212,789	-
Provision for doubtful receivables	42,983	271,538	-	271,538
Receivables written off during the year	(42,983)	(58,749)	-	(58,749)
Reversals of amounts provided	(42,662)	-	(42,662)	-
Closing balance	<u>170,127</u>	<u>212,789</u>	<u>170,127</u>	<u>212,789</u>

## 8 Financial assets

### Non-current

Financial assets at fair value through profit or loss

Units in unlisted unit trusts	1,524,690	2,579,250	1,524,690	2,579,250
Units in Wacol Industrial Trust - at cost	-	-	100	100
Units in Logan Village Shopping Centre Trust - at cost	-	-	100	-
Units in Ormeau Shopping Centre Trust - at cost	-	-	100	-
Units in WPT Sub-Trust 3 - at cost	-	-	100	-
Units in WPT Sub-Trust 4 - at cost	-	-	100	-
Units in North Shore Townsville Property Trust - at cost	-	-	100	-
	<u>1,524,690</u>	<u>2,579,250</u>	<u>1,525,290</u>	<u>2,579,350</u>

	<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>9 Inventory</b>				
Current				
Land held for resale - at cost	<b>5,224,435</b>	2,360,589	-	-
Land under development - at cost	<b>17,600,674</b>	16,464,175	-	-
	<b>22,825,109</b>	18,824,764	-	-
Non-Current				
Land held for resale - at net realisable value	<b>629,014</b>	629,014	<b>629,014</b>	629,014
Land under development - at cost	<b>24,418,005</b>	26,904,413	-	9,570,068
	<b>25,047,019</b>	27,533,427	<b>629,014</b>	10,199,082
Total inventory	<b>47,872,128</b>	46,358,191	<b>629,014</b>	10,199,082

The total carrying amount of inventory pledged as security for liabilities is \$26,328,198 (2019: \$34,321,818)

#### Valuation uncertainty

Valuation uncertainty has arisen from a subdued property market. A lack of transactional evidence means the only market inputs and metrics available to reliably estimate net realisable value relate to the market before the event occurred. The impact of COVID-19 on prices is unlikely to be known until the market stabilises. The valuations of the Group's inventory as at 30 June 2020 have therefore been prepared on the basis of less certainty.

The Group's development properties are all located in the Northern Rivers region of NSW. Current market sales evidence suggests prices are at least holding at pre-COVID levels. On this basis Inventory has continued to be carried at cost, on the judgement cost remains lower than net realisable value.

#### **10 Deferred tax assets**

Deferred tax assets comprises temporary differences attributable to:

Inventory	<b>680,348</b>	738,431	-	-
Tax losses	-	180,753	-	-
Total deferred tax assets	<b>680,348</b>	919,184	-	-

#### **11 Other assets**

Current				
Prepayments	<b>919,930</b>	974,425	<b>638,258</b>	624,261
Other assets	<b>456,882</b>	290,204	<b>350,972</b>	228,350
	<b>1,376,812</b>	1,264,629	<b>989,230</b>	852,611
Non-current				
Prepayments	<b>88,211</b>	425,172	<b>88,211</b>	425,172
	<b>88,211</b>	425,172	<b>88,211</b>	425,172
Total other assets	<b>1,465,023</b>	1,689,801	<b>1,077,441</b>	1,277,783

	<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>12 Investment property</b>				
<b>Investment property (at fair value)</b>				
<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	13,600,000	14,100,000	13,600,000	14,100,000
9 Hercules Street, Hamilton	8,300,000	10,200,000	8,300,000	10,200,000
<u>Retail</u>				
Yamba Fair	34,500,000	33,750,000	34,500,000	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
Epiq Childcare	3,925,000	-	3,925,000	-
Epiq Marketplace	32,900,000	-	32,900,000	-
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	-	-
146 Canberra Street, Hemmant	6,500,000	-	-	-
	<b>322,060,000</b>	<b>228,400,471</b>	<b>262,710,000</b>	<b>220,550,471</b>

(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	51,500,000	8,346,824	-	-
Transaction costs	4,743,584	11,753	-	1,093
Improvements	3,251,499	5,895,306	3,233,579	5,895,306
Disposals	-	-	-	-
Net fair value adjustment	1,555,766	(2,871,944)	6,374,982	(2,364,053)
Transfers from inventory	30,580,802	-	30,580,802	-
Lease incentives and leasing fees deferred	1,665,334	1,600,172	1,634,974	1,600,173
Amortisation of lease incentives and leasing fees	(427,846)	(443,628)	(420,272)	(443,628)
Movement in straight-lining rental income asset	790,390	161,093	755,464	160,685
Closing balance	<b>322,060,000</b>	<b>228,400,471</b>	<b>262,710,000</b>	<b>220,550,471</b>

## 12 Investment property (continued)

### Fair value measurement, valuation techniques and inputs

Given the changing economic conditions as a result of the COVID-19 pandemic, there is uncertainty surrounding the potential impact on future cash flows and the potential impact on the valuation of investment property. Rent relief allowances in accordance with the National Cabinet's Code of Conduct (the 'Code') which set out commercial leasing principles for businesses during the pandemic were taken into consideration when determining the cashflows for the property, however actual future cashflows may differ from this.

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.

The valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness, the allocation of maintenance and insurance responsibilities between the lessor and lessee and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and, where appropriate, counter notices have been served validly and within the appropriate time.

The most significant unobservable input used in the above valuation techniques and its relationship with fair value measurement is the capitalisation rate. A 0.25% change in the capitalisation rate would have the affect of changing investment property valuations by \$11,750,000.

Term and definition	Input Range	Fair Value Sensitivity Increase in input	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% - 8.50%	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 <sup>2</sup> - \$1,439/m <sup>2</sup>	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.	0.6yrs - 19.1yrs	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

	<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

## 12 Investment property (continued)

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 26(f).

### Future minimum lease receivables

Future minimum lease payments receivable from non-cancellable operating leases:

Within one year	<b>21,919,468</b>	15,509,316	<b>17,706,423</b>	15,010,978
Later than one year but not later than five years	<b>55,453,561</b>	29,719,049	<b>41,695,632</b>	29,102,380
Later than five years	<b>55,105,056</b>	7,280,941	<b>30,925,170</b>	7,280,941
	<b><u>132,478,085</u></b>	<u>52,509,306</u>	<b><u>90,327,225</u></b>	<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	<b>1,966,126</b>	2,463,601	<b>1,176,567</b>	1,516,485
Distributions to unitholders	<b>911,302</b>	-	<b>911,302</b>	-
GST payable	-	-	-	136,359
	<b><u>2,877,428</u></b>	<u>2,463,601</u>	<b><u>2,087,869</u></b>	<u>1,652,844</u>

Included in the above are amounts due to related parties:

Other creditors at an arm's length basis	-	73,566	-	65,646
	<u>-</u>	<u>73,566</u>	<u>-</u>	<u>65,646</u>

## 14 Income tax

### Current

Provision for income tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 15 Other liabilities

### Current

Rent received in advance	<b>915,191</b>	1,203,453	<b>648,289</b>	1,178,937
Units to be issued	<b>109</b>	8,432,555	<b>109</b>	8,432,555
Other liabilities	<b>494,929</b>	525,324	<b>389,745</b>	453,468
	<b><u>1,410,229</u></b>	<u>10,161,332</u>	<b><u>1,038,143</u></b>	<u>10,064,960</u>

## 16 Deferred tax liabilities

Deferred tax liabilities comprises temporary differences attributable to:

Inventory	<b>759,588</b>	-	-	-
Total deferred tax liabilities	<b><u>759,588</u></b>	<u>-</u>	<u>-</u>	<u>-</u>

	<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>17 Financial liabilities</b>				
Current				
Loans - financial institutions	<b>39,266,479</b>	21,673,126	<b>39,266,479</b>	21,673,126
	<b>39,266,479</b>	21,673,126	<b>39,266,479</b>	21,673,126
Non-current				
Loans - financial institutions	<b>110,007,007</b>	84,208,544	<b>110,007,007</b>	84,208,544
	<b>110,007,007</b>	84,208,544	<b>110,007,007</b>	84,208,544
	<b>149,273,486</b>	105,881,670	<b>149,273,486</b>	105,881,670

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

	<b>Facility</b>	<b>Utilised</b>	<b>Facility</b>	<b>Utilised</b>
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>Facility</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loan - ING Bank (Australia) (i)	<b>19,937,500</b>	<b>19,937,500</b>	20,425,000	20,425,000
Loan - ING Bank (Australia) (ii)	<b>24,750,000</b>	<b>24,750,000</b>	-	-
Loan - Bank of Queensland (iii)	-	-	4,500,000	1,248,126
Loan - Bank of Queensland (iv)	<b>19,800,000</b>	<b>19,328,979</b>	-	-
Loan - Bank of Queensland (v)	<b>2,255,000</b>	<b>2,255,000</b>	-	-
Loan - Commonwealth Bank of Australia (vi)	<b>46,400,000</b>	<b>46,400,000</b>	46,400,000	46,400,000
Loan - Westpac Banking Corporation (vi)	<b>46,602,000</b>	<b>36,602,007</b>	46,602,000	37,808,544
Total facilities	<b>159,744,500</b>	<b>149,273,486</b>	<b>117,927,000</b>	<b>105,881,670</b>

The Group had \$10,471,014 (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 October 2020. Terms have been agreed for a new 3 year facility with CBA.

(ii) The ING Bank (Australia) finance facility is secured by a first registered mortgage over, and a General Security Agreement limited to, the properties known as Logan Village Marketplace and Ormeau Marketplace. The facility has a maturity date of February 2023.

(iii) 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". The facility was repaid in November 2019.

(iv) The Bank of Queensland finance facility is secured by a first registered mortgage over, and a General Security Agreement limited to, the property known as "Epiq Marketplace" Lennox Head. The facility has a maturity date of September 2023.

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

(vi) 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 seven of the Group's investment properties. The facilities have a maturity date of September 2021.

	<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>18 Derivative financial instruments</b>				
Non-current				
Interest rate swap contracts – at fair value	<b>1,951,720</b>	3,090,107	<b>1,951,720</b>	3,090,107
	<b>1,951,720</b>	<b>3,090,107</b>	<b>1,951,720</b>	<b>3,090,107</b>

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 26(d). Details of principal amounts, expiry dates and interest ranges of interest rate derivative (hedging) contracts are set out in note 26(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).

#### **19 Franking credits**

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

-	-	-	-
-	-	-	-

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.

#### **20 Segment reporting**

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

#### **21 Commitments for capital expenditure**

As at 30 June 2020 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"	<b>2,617,495</b>	25,812,669	-	19,017,486
Construction costs in respect to Yamba Fuel Station	-	518,310	-	518,310
Capital expenditure on property refurbishments and landlord works	-	574,600	-	574,600
Development costs in respect to Yamba Quays	-	1,746,823	-	-
Acquisition of 81 Stradbroke Street, Heathwood	<b>7,400,000</b>	-	-	-
	<b>10,017,495</b>	<b>28,652,402</b>	<b>-</b>	<b>20,110,396</b>

All the above amounts are payable within 12 months.



## 22 Contingencies

The Group has given bank guarantees as at 30 June 2020 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.

		<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
		<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>Note</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>23 Notes to the statement of cash flows</b>					
<b>a) Cash and cash equivalents</b>					
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	205,098	193,464	155,098	193,464
Cash at bank	6	20,635,185	31,830,154	20,229,899	31,022,332
		<u>20,843,983</u>	<u>32,027,318</u>	<u>20,388,697</u>	<u>31,219,496</u>
<b>b) Reconciliation of net profit to net cash flows from operating activities</b>					
Total comprehensive profit attributable to unitholders		14,558,288	10,424,067	11,848,034	11,870,851
<b>Non-cash items:</b>					
Fair value adjustments to investment properties		(1,555,766)	2,871,944	(6,374,982)	2,364,053
Fair value adjustments to financial assets		931,689	-	931,689	-
Transfers to investment property from inventory		(30,580,802)	-	(30,580,802)	-
Straightlining of rental income		(790,390)	(161,093)	(755,464)	(160,685)
Amortisation of lease incentives and leasing fees		427,846	443,628	420,272	443,628
<b>Changes in assets and liabilities:</b>					
Decrease (increase) in current receivables		318,795	(465,954)	348,556	(459,897)
Decrease (increase) in inventories		(1,513,937)	(12,208,122)	9,570,068	7,945,605
Decrease (increase) in tax assets		462,565	(423,344)	443,641	(132,545)
Decrease (increase) in other assets		224,778	(1,054,830)	200,342	(642,812)
Increase (decrease) in sundry creditors		(497,475)	(557,167)	(339,918)	(1,504,283)
Increase (decrease) in other liabilities		(30,395)	6,015	(63,724)	(65,841)
Increase (decrease) in GST payable		(1,555,792)	(1,267,872)	(291,926)	(815,498)
Increase (decrease) in provision for income tax		-	(613,221)	-	(613,221)
Increase (decrease) in deferred tax liabilities		759,588	(398,168)	-	(398,168)
Increase (decrease) in income in advance		(288,262)	(1,151,447)	(530,648)	(1,175,963)
Increase (decrease) in derivative financial instruments		(1,138,387)	2,203,141	(1,138,387)	2,203,141
<b>Net cash provided by/(used in) operating activities</b>		<u>(20,267,657)</u>	<u>(2,352,423)</u>	<u>(16,313,249)</u>	<u>18,858,365</u>

## **24 Events subsequent to reporting date**

Since the Period end, the COVID-19 pandemic has continued to evolve with potential impacts on specific areas of judgement applied in preparing these financial statements.

The Group has continued to re-evaluate the potential impacts of the pandemic on significant inputs and key areas of judgement as outlined in Note 1. Based on these evaluations, the Group has determined there are no material events since Period end which would give rise to an adjustment.

On 31 July 2020 North Shore Townsville Property Trust, a wholly-owned subsidiary of Westlawn Property Trust, settled the purchase of the North Shore Marketplace Townsville neighbourhood shopping centre for \$16,700,000. The acquisition was funded from unused finance facilities and cash reserves.

On 13 August 2020 WPT Sub-Trust 3, a wholly-owned subsidiary of Westlawn Property Trust, entered into a contract to purchase an office/warehouse complex at 185 Queensport Road, Murarrie for \$8,800,000. The acquisition will be funded from cash reserves, with settlement expected in October 2020.

On 1 September 2020 Westlawn Property Trust paid out in full its interest rate swap contracts (refer Note 18).

On 3 September 2020 WPT Sub-Trust 3, a wholly-owned subsidiary of Westlawn Property Trust, settled the purchase of an industrial property at 81 Stradbroke Street, Heathwood for \$7,400,000. The acquisition was funded by a new finance facility from CBA (see below).

On 8 September 2020 WPT Sub-Trust 4, a wholly-owned subsidiary of Westlawn Property Trust, entered into a contract to purchase a logistics facility as 31 Paringa Road, Murarrie for \$18,200,000. The acquisition will be funded from unused finance facilities and cash reserves. Settlement is expected in late October 2020.

In September 2020, Westlawn Property Trust established a three year \$26,922,500 finance facility with CBA. Five properties were added to the common terms deed security pool to secure the facility.

No matter or circumstance, other than as mentioned above, has arisen since the end of the 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.

## 25 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 30 June 2020, 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 30/06/2020
<b>Jim Dougherty:</b>					
JW & CP Dougherty Super Fund	372,021	-	372,021	162,388	534,409
<b>Peter Fahey:</b>					
P & D Fahey Super Fund	639,851	-	639,851	7,385	647,236
Peter Fahey	-	-	-	72,834	72,834
Yehaf Developments Pty Ltd	-	-	-	287,656	287,656
<b>Darrell Irwin:</b>					
Irwin Family Discretionary Trust	424,380	52,937	477,317	31,891	509,208
<b>Tony Tippet:</b>					
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
<b>Responsible Entity:</b>					
Clarence Property Corporation Ltd	607,809	45,627	653,436	(653,436)	-
<b>Total</b>	<b>3,588,329</b>	<b>124,101</b>	<b>3,712,430</b>	<b>856,086</b>	<b>4,568,516</b>

	<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>25 Related party disclosures (continued)</b>				
<b>e) Transactions</b>				
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:				
<b>(i) Paid/payable to:</b>				
<b>The Manager</b>				
Paid/payable to the Manager:				
Management fees	2,432,690	2,014,868	2,165,745	1,841,325
Acquisition fees	1,995,000	998,420	-	468,750
Disposal fees	360,140	837,100	-	837,100
Development management fees	144,320	116,000	64,200	76,800
Project management fees	132,224	110,000	64,200	73,200
Accountancy fees	12,000	6,000	-	-
Development sales fees	285,820	418,550	-	418,550
Registry fees	18,000	18,000	18,000	18,000
Reimbursable expenses	100,662	271,899	96,202	50,878
Lease incentive	60,000	-	60,000	-
	<u>5,540,856</u>	<u>4,790,838</u>	<u>2,468,347</u>	<u>3,784,603</u>
Received/receivable from the Manager:				
Rental of business premises	44,137	-	44,137	-
	<u>44,137</u>	<u>-</u>	<u>44,137</u>	<u>-</u>
<b>Clarence Property Works Pty Ltd</b>				
Property management, rent review & leasing fees	1,796,596	1,483,747	1,704,497	1,483,747
<b>Robina Quays Unit Trust</b>				
Distribution	598,500	-	598,500	-

**(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 assist with the purchase and development of its 'Epiq Lennox' development project. The balance owing at reporting date was \$25,948,903. 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 \$30,000,000 to Yamba Quays Pty Ltd to assist with the purchase and development of its 'Yamba Quays' development project. The balance owing at reporting date was \$23,051,369. The facility has a maturity date of 30 June 2023, with an additional \$5,000,000 of net sales proceeds from settlement of the Stage 1 developed lots to be repaid by 30 June 2021. \$9,250,000 of net sales proceeds from the Stage 1 settlements was repaid against the loan during the period. No interest is charged on the facility.

**25 Related party disclosures (continued)****Loan to Wacol Industrial Trust**

Westlawn Property Trust has provided a loan facility of \$16,000,000 to Wacol Industrial Trust to assist with the purchase of properties at 42 Mcroyle Street, Wacol and 146 Canberra Street, Hemmant. The balance owing at reporting date was \$15,020,396. 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 assist with the purchase of Logan Village Marketplace. The balance owing at reporting date was \$17,152,267. 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 assist with the purchase of Ormeau Marketplace. The balance owing at reporting date was \$31,062,273. The facility has a maturity date of 30 June 2023. No interest is charged on the facility.

**Loan to WPT Sub-Trust 3**

Westlawn Property Trust has provided a loan facility of \$20,000,000 to WPT Sub-Trust 3 to assist with the purchase of 81 Stradbroke Street, Heathwood (settled on 3 September 2020) and 185 Queensport Road, Murarrie (expected to settle in October 2020). The balance owing at reporting date was \$52,622. The facility has a maturity date of 30 June 2023. No interest is charged on the facility.

**Loan to WPT Sub-Trust 4**

Westlawn Property Trust has provided a loan facility of \$27,500,000 to WPT Sub-Trust 4. The balance owing at reporting date was \$2,622. The facility has a maturity date of 30 June 2023. No interest is charged on the facility.

**Loan to North Shore Townsville Property Trust**

Westlawn Property Trust has provided a loan facility of \$20,000,000 to North Shore Townsville Property Trust to assist with the purchase of North Shore Marketplace Townsville which settled on 31 July 2020. The balance owing at reporting date was \$13,911. The facility has a maturity date of 30 June 2023. No interest is charged on the facility.

## **26 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.

## 26 Financial instruments (continued)

### b) Credit risk

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

	<b>Consolidated Group</b>		<b>Westlawn Property Trust</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	20,843,983	32,027,318	20,388,697	31,219,496
Trade receivables	901,923	1,263,380	866,104	1,257,324
Loan receivables	-	-	112,304,364	48,475,990
Construction Bonds	353,532	290,204	257,851	228,350
Financial assets at fair value through profit or loss	1,524,690	2,579,250	1,525,290	2,579,350
	<b>23,624,128</b>	<b>36,160,152</b>	<b>135,342,306</b>	<b>135,342,306</b>

### c) Liquidity risk

The following are the contractual maturities of financial liabilities:

<b>30 June 2020</b>	<b>Carrying amount</b>	<b>1 year or less</b>	<b>1-3 years</b>	<b>3 -5 years</b>	<b>More than 5 years</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Non-derivatives</b>					
Secured loans	149,273,486	19,937,500	107,752,007	21,583,979	-
Trade & other payables	4,287,657	4,287,657	-	-	-
	<b>153,561,143</b>	<b>24,225,157</b>	<b>107,752,007</b>	<b>21,583,979</b>	<b>-</b>
<b>Derivatives</b>					
Net settled interest rate swaps	1,951,720	599,790	1,135,064	121,902	-
	<b>1,951,720</b>	<b>599,790</b>	<b>1,135,064</b>	<b>121,902</b>	<b>-</b>

30 June 2019

<b>Non-derivatives</b>					
Secured bank loans/bills	105,881,670	21,673,126	84,208,544	-	-
Trade & other payables	12,624,933	12,624,933	-	-	-
	<b>118,506,603</b>	<b>34,298,059</b>	<b>84,208,544</b>	<b>-</b>	<b>-</b>
<b>Derivatives</b>					
Net settled interest rate swaps	3,090,107	924,489	1,711,807	453,811	-
	<b>3,090,107</b>	<b>924,489</b>	<b>1,711,807</b>	<b>453,811</b>	<b>-</b>

## 26 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	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	%	%	\$	\$
<b>Variable rate financial assets</b>				
Cash - National Australia Bank	0.00	1.48	9,413,635	17,029,597
Cash - Commonwealth Bank of Australia	0.00	0.25	8,861	125,763
Cash - Westpac Banking Corporation	0.10	1.35	7,580,136	4,187,794
Cash - Bank of Queensland	N/A	N/A	3,632,553	10,487,000
			<b>20,635,185</b>	<b>31,830,154</b>
<b>Variable rate financial liabilities</b>				
Loan - ING Bank (Australia)	2.24	4.20	19,937,500	20,425,000
Loan - ING Bank (Australia)	1.65	N/A	24,750,000	-
Loan - BOQ Epiq Marketplace	3.64	5.08	19,328,979	1,248,126
Loan - BOQ Epiq Childcare	2.39	N/A	2,255,000	-
Loan - Commonwealth Bank of Australia	2.15	4.07	46,400,000	46,400,000
Loan - Westpac Banking Corporation	2.05	3.97	36,602,007	37,808,544
			<b>149,273,486</b>	<b>105,881,670</b>

In addition the Group holds the following treasury instruments:

Type	BBSY Rate	Amount \$	Start Date	Expiry Date
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 \$228,909 (2019: an increase of \$2,193,624); an equal change in the opposite direction would have decreased net profit before tax by \$228,909 (2019: a decrease of \$2,193,624).



## 26 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 18).

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.

## 27 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	
		30 June 2020 %	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%	-
WPT Sub-Trust 3	Australia	100%	-
WPT Sub-Trust 4	Australia	100%	-
North Shore Townsville Property 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 Interests in subsidiaries (continued)**

On 17th February 2020 Westlawn Property Trust established a wholly-owned subsidiary entity 'WPT Sub-Trust 3'.

On 17th February 2020 Westlawn Property Trust established a wholly-owned subsidiary entity 'WPT Sub-Trust 4'.

On 21st February 2020 Westlawn Property Trust established a wholly-owned subsidiary entity 'North Shore Townsville Property Trust'.

## **28 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.

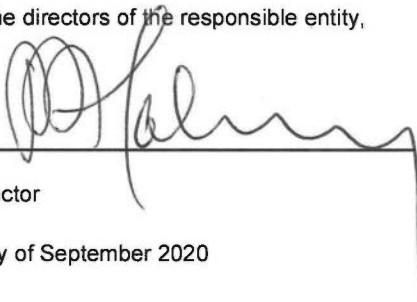
At 30 June 2020 there were twenty three employees of the Responsible Entity.

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 10 to 41 are in accordance with the Corporations Act 2001 and:
  - a) Comply with Australian Accounting Standards, the Corporations Regulations 2001 and their mandatory professional reporting requirements; and
  - b) Give a true and fair view of the financial position as at 30 June 2020 and of the performance for the 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 made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the directors of the responsible entity,



**Peter Fahey**  
Managing Director

Dated 11th day of September 2020



**Jim Dougherty**  
Director

## INDEPENDENT AUDITOR'S REPORT

### TO THE UNITHOLDERS OF WESTLAWN PROPERTY GROUP

#### Report on the Financial Report

##### Opinion

We have audited the accompanying financial report, being a general purpose financial report, of Westlawn Property Group (Westlawn Property Trust and the Epiq Lennox Property Trust) ("the Group"), and Westlawn Property Trust ("the Trust"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Trusts and the Group, comprising the Trusts and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of the Group and the Trust is 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 30 June 2020 and of the Group and the Trust's performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards to the extent described in Note 1 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We are independent of the Group and the Trust 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.

##### Directors' Responsibilities for the Financial Report

The directors of the responsible entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards to the extent described in Note 1 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 of the responsible entity are responsible for assessing the Group's and the Trust's ability 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 Group or the Trust 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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

PKF BRISBANE AUDIT



LIAM MURPHY  
PARTNER

BRISBANE  
11 SEPTEMBER 2020