

TRILOGY

Acacia Ridge Industrial Trust

ANNUAL FINANCIAL REPORT
30 JUNE 2020

ARSN 612 052 490

PROPERTY



Issued by Trilogy Funds Management Limited
in its capacity as responsible entity.

[TRILOGYFUNDS.COM.AU](https://www.trilogyfunds.com.au)

29 October 2020

MESSAGE FROM THE EXECUTIVE DEPUTY CHAIRMAN

As we all know FY 2020 was a particularly difficult one for all investors.

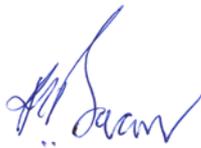
Investors in the Acacia Ridge Industrial Trust (Trust) experienced another year of consistent and stable returns. Despite market disruption, due to COVID-19, we were able to maintain our focus on preserving investors' capital and managing risk and continued to pay monthly distributions.

As you would be aware, prior to the full effect of COVID-19, the property was sold on 30 March 2020 for \$22,250,000.

The final return to unitholders was equivalent to \$1.10 per unit, separate to the 7.60% p.a. income return since inception. The Trust will now proceed to winding up.

We thank you for your support of the Trust. If you have any questions, please contact a member of our Investor Relations team on 1800 230 099 or email investorrelations@trilogyfunds.com.au.

Yours sincerely,



Rodger Bacon

Executive Deputy Chairman

Trilogy Funds Management Limited

Acacia Ridge Industrial Trust
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Acacia Ridge Industrial Trust
Directors' report
30 June 2020

The Directors of Trilogy Funds Management Limited, the Responsible Entity of the Acacia Ridge Industrial Trust (Scheme), present their report together with the financial statements of the Scheme for the year ended 30 June 2020.

Responsible Entity

The Responsible Entity is incorporated and domiciled in Australia. The registered office and principal place of business of the Responsible Entity and the Scheme is Level 23, 10 Eagle Street, Brisbane, QLD, 4000.

Directors

The names of the directors in office at any time during, or since the end of the year are:

<i>Name and qualifications</i>	<i>Age</i>	<i>Experience and special responsibilities</i>
Robert M Willcocks Independent Non-Executive Chairman BA, LL.B, LL.M	71	Member of the Audit Committee Former partner with Mallesons Stephen Jaques (now King & Wood Mallesons) Mr Willcocks has been a non-executive director (sometimes Chairman) of a number of listed companies and is currently a director of one such company Chairman - Responsible Entity since 9 October 2009
Rodger I Bacon Executive Deputy Chairman BCom(Merit), AICD, SFFin	74	Member of the Audit Committee Former executive director of Challenger International Limited Mr Bacon is a former director of several companies including, Financial Services Institute of Australasia.
John C Barry Executive Director BA, FCA	68	Chairman of the Audit Committee Former executive director of Challenger International Limited Mr Barry is a director of several companies, including former Chairman of Westpac RE Limited
Philip A Ryan Managing Director and Company Secretary LL.B, Grad Dip Leg Prac, FTIA, FFIN	59	Member of the Compliance Committee Mr Ryan is a solicitor and member of the Queensland Law Society Inc. Former partner of a Brisbane law firm Mr Ryan is a director of several companies Director – Responsible Entity since 13 October 1997
Rohan C Butcher Non-Executive Director Grad Dip PM, BASc(QS), Registered Builder, Licensed Real Estate Agent	51	Member of the Audit Committee Member of the Lending Committee Consultant to several major companies providing development management services Director – Responsible Entity since 29 July 2008

Acacia Ridge Industrial Trust
Directors' report
30 June 2020

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia. The principal activity of the Scheme during the financial year was a direct property investment in a multi-tenanted, industrial logistics warehouse located at 67 Bellrick Street, Acacia Ridge, Queensland. The Scheme did not have any employees during the year.

Review of operations and results

Financial overview and sale of investment property

The investment property was sold on 30 March 2020 for \$22,250,000. Post-settlement, two final payments were paid to unitholders. The first payment on the 29th April 2020 for \$1.050 per unit was a combination of sale proceeds, return of capital and the distribution of last month's income. The second payment on 26 June 2020 was \$0.055 per unit, bringing the total final return to \$1.105 per unit, in addition to the 7.60% p.a. since inception.

The profit attributable to unitholders for the year totalled \$4,047,292 (2019: profit of \$96,713). This profit was primarily attributable to the gain made upon sale of the investment property.

The total carrying value of the Scheme's assets as at 30 June 2020 was \$nil (2019: \$18,262,035), comprised primarily of the investment property acquired.

Distributions to unitholders

The return to unitholders of the Scheme for the year was as follows (refer Note 4):

	2020	2019
	\$	\$
Distributions paid during the year	576,576	794,344
Capital returned to unitholders during the year	12,468,578	-
Distributions payable at year end	53,317	72,073
	<u>13,098,471</u>	<u>866,417</u>
Cash yield post settlement p.a. (i)	7.6%	7.6%

(i) Since 21 September 2016 (being the property acquisition settlement date), distributions have been paid to retail investors at a rate of 7.6% p.a. (wholesale investors receive a management fee rebate), being the rate set out in the PDS. For the current year, this rate was paid to investors up to the month prior to the property being sold on 30 March 2020.

Net asset value per unit

The net asset value per unit as at 30 June 2020 was \$nil (2019: \$0.8285).

Indirect cost ratio (ICR)

The ICR for the Scheme for the year ended 30 June 2020 is 1.73% p.a. (2019: 1.69% p.a.).

Units on issue

During the year no units were issued or transferred from the Scheme. The Scheme had nil units on issue as at 30 June 2020 (2019: 11,280,000).

Acacia Ridge Industrial Trust
Directors' report
30 June 2020

Interests of the Responsible Entity

The following transactions occurred between the Scheme and the Responsible Entity and its associates during the year (refer 15).

	2020	2019
	\$	\$
<i>Expenses</i>		
Management and administration costs	6,385	5,880
Compliance fees	901	650
Professional fees	3,750	2,500
Direct property expenses and outgoings	-	500
Registry fees	18,010	17,238
Responsible Entity management fees	73,811	103,489
	102,857	130,257

Units held by the Responsible Entity

The Responsible Entity does not hold any units in the Scheme as at 30 June 2020 (2019: nil).

Significant changes in the state of affairs

In the opinion of the Responsible Entity there were no significant changes in the state of affairs of the Scheme that occurred during the year.

Events subsequent to the end of the reporting year

Final amounts owing were paid and the Scheme's bank accounts closed in July 2020, with all financial and investor obligations having been satisfied.

Likely developments and expected results of operations

Upon final lodgement of the Scheme's income tax return for the financial year ended 30 June 2020, the Scheme will be wound up in due course.

Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Scheme.

Options

No options were:

- (i) Granted over unissued units in the Scheme during or since the end of the year; or
- (ii) Granted to the Responsible Entity.

No unissued units in the Scheme were under option as at the date on which this report is made.

No units were issued in the Scheme during or since the end of the year as a result of the exercise of an option over unissued units in the Scheme.

**Acacia Ridge Industrial Trust
Directors' report
30 June 2020**

Indemnification of officers or auditors

Indemnification

Under the Scheme constitution the Responsible Entity is required to indemnify all current and former officers of the Responsible Entity (but not including auditors) out of the property of the Responsible Entity against:

- (a) any liability for costs and expenses which may be incurred by that person in defending civil or criminal proceedings in which judgement is given in that person's favour, or in which the person is acquitted, or in the connection with an application in relation to any such proceedings in which the court grants relief to the person under the Corporations Act 2001; and
- (b) a liability incurred by the person, as an officer of the Responsible Entity or of a related body corporate, to another person (other than the Responsible Entity or a related body corporate) unless the liability arises out of conduct involving a lack of good faith.

Insurance premiums

During the year, the Responsible Entity paid an insurance premium in respect of a contract insuring each of the officers of the Responsible Entity. The amount of the premium is, under the terms of the insurance contract, confidential. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Responsible Entity or related body corporates. This insurance premium does not cover the auditors. The Scheme has not indemnified any auditor of the Scheme.

Proceedings on behalf of the Responsible Entity

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity in relation to Scheme, or intervene in any proceedings to which the Responsible Entity in relation to the Scheme is a party, for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings. The Responsible Entity was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



Philip A Ryan
Executive Director

28 October 2020
Brisbane



Rodger I Bacon
Executive Deputy Chairman

28 October 2020
Brisbane



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**DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF TRILOGY FUNDS
MANAGEMENT LIMITED AS RESPONSIBLE ENTITY FOR ACACIA RIDGE INDUSTRIAL TRUST**

As lead auditor for the audit of Acacia Ridge Industrial Trust for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'P A Gallagher', with a long, sweeping horizontal stroke extending to the right.

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 28 October 2020

Acacia Ridge Industrial Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue and other income			
Rental income		761,377	1,481,246
Recoverable outgoings		337,525	409,922
Other revenue		-	488
Gain on sale of investment property	8	4,330,434	-
		<u>5,429,336</u>	<u>1,891,656</u>
Expenses			
Audit and compliance		(26,251)	(24,635)
Custodian fees		(17,542)	(15,529)
Direct property expenses and outgoings		(344,601)	(430,479)
Depreciation	8	(372,360)	(557,060)
Net change in fair value of derivative financial instruments		(26,106)	(243,501)
Management and administration costs		(31,120)	(8,686)
Professional fees		(3,750)	(2,731)
Taxation fees		(8,166)	(4,750)
Registry fees		(15,912)	(17,238)
Responsible Entity management fees	14	(73,811)	(103,489)
		<u>(919,619)</u>	<u>(1,408,098)</u>
Profit for the period before finance costs		<u>4,509,717</u>	483,558
<i>Finance costs:</i>			
• Interest expense		(459,663)	(379,399)
• Amortisation of loan transaction costs		(2,762)	(7,446)
		<u>(462,425)</u>	<u>(386,845)</u>
Profit for the period attributable to unitholders		<u>4,047,292</u>	96,713
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the period attributable to unitholders		<u>4,047,292</u>	<u>96,713</u>

Acacia Ridge Industrial Trust
Statement of financial position
As at 30 June 2020

	Note	2020	2019
		\$	\$
Assets			
Cash and cash equivalents	6	78,156	500,919
Trade and other receivables	7	-	369,604
Derivative financial instruments		-	(214,695)
Investment property	8	-	17,606,730
Total assets		78,156	18,262,558
Liabilities			
Borrowings		-	8,998,123
Trade and other payables	9	78,156	141,183
Distributions payable		-	72,073
Total liabilities		78,156	9,211,379
Net assets		-	9,051,179
Equity			
Contributed equity	11	-	11,280,000
Accumulated losses		-	(2,228,821)
Total equity		-	9,051,179

Acacia Ridge Industrial Trust
Statement of changes in equity
For the year ended 30 June 2020

	Note	Contributed equity \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018		11,280,000	(1,459,117)	9,820,883
<i>Comprehensive income:</i>				
Profit for the period			96,713	96,713
Other comprehensive income for the period			-	-
Total comprehensive income for the period			<u>96,713</u>	<u>96,713</u>
<i>Transactions with unitholders in their capacity as owners:</i>				
Distributions paid/payable			(866,417)	(866,417)
Balance at 2019			<u>(2,228,821)</u>	<u>9,051,179</u>
Balance at 30 June 2019		11,280,000	(2,228,821)	9,051,179
<i>Comprehensive income:</i>				
Profit for the period		-	4,047,292	4,047,292
Total comprehensive income for the period		-	4,047,292	4,047,292
<i>Transactions with unitholders in their capacity as owners:</i>				
Ordinary units redeemed	11	(11,280,000)	-	(11,280,000)
Capital returned to unitholders	11	-	11,280,000	11,280,000
Distributions paid/payable	4	-	(13,098,471)	(13,098,471)
Balance at 30 June 2020		-	-	-

Acacia Ridge Industrial Trust
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		1,469,122	1,802,026
Payments to suppliers		(808,114)	(626,193)
Interest paid		(289,663)	(379,399)
Net cash provided by operating activities		<u>371,345</u>	<u>796,434</u>
Cash flows from investing activities			
Sale of investment property		21,564,805	-
Additions to investment property		-	(56,312)
Net cash provided by/(used in) investing activities		<u>21,564,805</u>	<u>(56,312)</u>
Cash flows from financing activities			
Repayments of borrowings		(9,241,685)	-
Distributions paid to unitholders		(13,117,228)	(866,037)
Net cash used in financing activities		<u>(22,358,913)</u>	<u>(866,037)</u>
Net decrease in cash and cash equivalents		(422,763)	(125,915)
Cash at beginning of the reporting period		500,919	626,834
Cash and cash equivalents at end of the financial period	6	<u>78,156</u>	<u>500,919</u>

Acacia Ridge Industrial Trust
Notes to the financial statements
30 June 2020

Note 1 Reporting entity

The Acacia Ridge Industrial Trust (Scheme) is a registered managed investment scheme under the Corporations Act 2001 (Act). The financial statements of the Scheme are for the year ended 30 June 2020. The Scheme is a for-profit entity.

As stipulated under the Scheme's constitution, the life of the Scheme is 5 years from the anniversary of the purchase date of the Scheme's investment property (however, the life of the Scheme can be extended beyond 5 years in accordance with the provisions of the Scheme's Constitution). Accordingly, as the investment property has been sold, this will be the final financial statements issued by the Scheme.

Note 2 Basis of preparation

Under the wind-up basis of reporting, all assets and liabilities are classified as current. In adopting the wind-up basis, the Responsible Entity has continued to apply the disclosure requirements of Australian Accounting Standards, to the extent they are relevant to the wind-up basis and have modified them where considered appropriate.

(a) Statement of compliance

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Scheme comply with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors of Trilogy Funds Management Limited (Responsible Entity) on 28 October 2020.

(b) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Scheme's functional currency.

(c) Key assumptions and sources of estimation

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future period affected.

Note 3 Significant accounting policies

There are no new relevant Accounting Standards mandatory for future reporting periods which need to be considered for early adoption.

The accounting policies adopted are consistent with those of the previous financial year.

(a) Rental revenue

Rental revenue from operating leases is recognised on a straight line basis over the lease term. When the Scheme provides lease incentives to tenants, the cost of the incentives are recognised over the lease term on a straight line basis, as a reduction of property rental revenue.

Acacia Ridge Industrial Trust
Notes to the financial statements
30 June 2020

Note 3 Significant accounting policies (continued)

(b) Interest income

Interest income and expense is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest method. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(c) Expenses

All expenses, including management fees, are recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

(d) Taxation

Under current legislation the Scheme is not subject to income tax as its taxable income including assessable realised capital gains is distributed in full to the unitholders. The Scheme fully distributes its distributable income, calculated in accordance with the Scheme's constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the constitution.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the Scheme is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Scheme to be offset against any future realised capital gains. If realised capital gains exceeds realised capital losses the excess is distributed to the unitholders.

(e) Unit prices

The unit price is based on unit price accounting outlined in the Scheme's constitution and Product Disclosure Statement (PDS).

(f) Distributions to unitholders

Distributions to unitholders on units issued are recognised in the statement of changes in equity as distributions paid/payable. Distributions unpaid at the end of the financial year are recognised in the statement of financial position as a financial liability. Distributions paid to unitholders are included in cash flows from financing activities in the statement of cash flows.

(g) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

The application and redemption prices are determined as the net asset value of the Scheme per the Constitution adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

Acacia Ridge Industrial Trust
Notes to the financial statements
30 June 2020

Note 3 Significant accounting policies (continued)

(h) Terms and conditions of units on issue

Each unit confers upon the unitholder an equal interest in the Scheme and is of equal value. A unit does not confer an interest in any particular asset or investment of the Scheme. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income and capital distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Scheme.

Unitholders' funds are classified as equity. The Responsible Entity has elected to adopt the Attribution Managed Investment Trust (AMIT) tax regime since 1 July 2017.

(i) Increase/decrease in net assets attributable to unitholders

Non-distributable income is transferred directly to net assets attributable to unitholders. This balance represents unrealised gains and losses due to the change in the fair value of investments. These gains and losses have been recognised in the statement of profit or loss and other comprehensive income in either the current or a previous period, and have not been distributed to unitholders.

Once the gains and losses have been realised, these items are distributed to unitholders. Income recognition differences consist of accrued income not yet assessable, expenses provided or accrued which are not yet deductible, net capital losses and tax free or tax deferred income.

(j) Investment property

Investment property is carried at historical cost and includes expenditure that is directly attributable to the acquisition of the property.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Scheme and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the investment property revaluation surplus to retained earnings.

Land is not depreciated. Depreciation on the building component of investment property is calculated using the straight-line method to allocate the cost or revalued amounts, net of the residual value, over an estimated useful life of 25 years.

The asset's residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

Acacia Ridge Industrial Trust
Notes to the financial statements
30 June 2020

Note 3 Significant accounting policies (continued)

(k) Interest bearing loans and liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Scheme has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(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.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(m) Operating leases

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

(n) Lease incentives

Incentives such as cash, rent free periods, lessor owned fit outs may be provided to lessees to enter into an operating lease. These incentives are capitalised and amortised on a straight line basis over the term of the lease as a reduction of rental revenue.

(o) Trade and other receivables

Receivables are recorded at amortised cost less impairment and may include amounts for distributions and interest. Distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(p) Goods and services tax

Rental income, management fees, custody fees and other expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC).

Payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis.

(q) 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 Scheme during the reporting period, which remains unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Acacia Ridge Industrial Trust
Notes to the financial statements
30 June 2020

Note 3 Significant accounting policies (continued)

(r) Impairment of non-financial assets

At the end of each reporting period, the Responsible Entity assesses whether there is any indication that an asset may be impaired. The assessment will include 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 to its 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 Responsible Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(s) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

Note 4 Distributions to unitholders

Distributions paid and payable by the Scheme for the year are:

	2020		2019	
	\$	Cents/unit	\$	Cents/unit
Distributions paid during the year	576,576	5.11	794,344	7.04
Capital returned to unitholders during the year	12,468,578	110.54	-	-
Distributions payable at year end	53,317	0.47	72,073	0.64
	13,098,471	116.12	866,417	7.68

Note 5 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Scheme, BDO Audit Pty Ltd:

	2020	2019
	\$	\$
<i>Audit and other assurance services</i>		
• Audit and review of the financial statements	21,900	20,985
• Audit of the compliance plan	3,450	3,000
Total remuneration for audit and other services	25,350	23,985

Note 6 Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank	78,156	500,919

Acacia Ridge Industrial Trust
Notes to the financial statements
30 June 2020

Note 7 Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	-	55,811
Straight line rental asset	-	313,793
	<u>-</u>	<u>369,604</u>

Note 8 Investment property

	2020	2019
	\$	\$
Investment property	-	19,150,044
Accumulated depreciation	-	(1,543,314)
	<u>-</u>	<u>17,606,730</u>

	2020	2019
	\$	\$
<i>At cost</i>		
Opening balance at 1 July	17,606,730	18,107,478
Additions	-	56,312
Disposals	(17,234,370)	
Depreciation expense	(372,360)	(557,060)
Closing balance at 30 June	<u>-</u>	<u>17,606,730</u>

(i) Sale of investment property

The Scheme's investment property, located at 67 Bellrick Street, Acacia Ridge, QLD, 4110 was sold on 30 March 2020 for \$22,250,000 and was consequently disposed of from the Scheme's financial statements on that date.

(i) Gain on sale of investment property

	2020	2019
	\$	\$
Gross proceeds received on disposal of investment property	22,556,918	-
Written down value of investment property on disposal	(17,261,300)	-
Selling agent's commission	(275,000)	-
Legal fees associated with the disposal	(16,641)	-
Other fees associated with the disposal	(15,277)	-
Performance & disposal fee	(658,266)	-
	<u>4,330,434</u>	<u>-</u>

Note 9 Trade and other payables

	2020	2019
	\$	\$
Trade and other payables	54,932	52,134
Other payables	-	1,000
Accrued facility interest	-	30,606
Accrued expenses	35	20,540
GST payable	23,189	36,903
	<u>78,156</u>	<u>141,183</u>

Acacia Ridge Industrial Trust
Notes to the financial statements
30 June 2020

Note 10 Borrowings

	2020	2019
	\$	\$
<i>Secured loans</i>		
Commercial bill facility	-	8,998,123

The facility was fully repaid following the settlement of the Investment Property.

Note 11 Contributed equity

	2020		2019	
	Units	\$	Units	\$
Opening balance at 1 July	11,280,000	11,280,000	11,280,000	11,280,000
Ordinary units issued	-	-	-	-
Ordinary units redeemed	(11,280,000)	(11,280,000)	-	-
Transfer to trade & other payables	-	-	-	-
Closing balance at 30 June 2020	-	-	11,280,000	11,280,000

Note 12 Net asset value per unit (non-IFRS disclosure)

	2020	2019
	\$	\$
Net assets	-	9,051,179
<i>Adjustments for:</i>		
Carrying value of investment property	-	(17,606,730)
External valuation of investment property	-	18,000,000
Derivative financial instruments	-	214,695
Straight line rental (asset)/liability	-	(313,793)
Adjusted net assets	-	9,345,351
Net asset value per unit (NAV) (i)	\$ -	\$ 0.8285

(i) As the investment property was sold prior to 30 June 2020, there are no net assets to be valued at reporting date.

Note 13 Reconciliation of cash flows from operating activities

	2020	2019
	\$	\$
Profit for the year attributable to unitholders	4,047,292	96,713
<i>Adjustments for:</i>		
Amortised borrowing costs	2,762	7,446
Depreciation	372,360	557,060
Net change in fair value of derivative financial instruments	26,106	243,501
Gain on sale of fixed asset	(4,330,435)	-
<i>Change in operating assets and liabilities:</i>		
Increase in trade and other receivables	369,604	(78,898)
Increase in trade and other payables	(116,344)	(29,388)
Net cash provided by operating activities	371,345	796,434

Acacia Ridge Industrial Trust
Notes to the financial statements
30 June 2020

Note 14 Related party transactions

(a) Responsible Entity

The Responsible Entity of the Acacia Ridge Industrial Trust is Trilogy Funds Management Limited ABN 59 080 383 679.

(b) Key management personnel

Responsible Entity

The Scheme does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Scheme. The Executive Directors of the Responsible Entity are key personnel of that entity and their names are Rodger I Bacon, John C Barry and Philip A Ryan. The Responsible Entity also has two Non-Executive Directors being Robert M Willcocks and Rohan C Butcher.

The Responsible Entity is entitled to a management fee which is calculated as a proportion of total gross assets of the Scheme.

No compensation is paid to the Directors of the Responsible Entity or to the key management personnel of the Responsible Entity by the Scheme.

(c) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

i. Transactions recorded in the statement of profit or loss and other comprehensive income

The following transactions occurred with related parties:

	2020	2019
	\$	\$
<i>Expenses</i>		
Management and administration costs (i)	6,385	5,880
Compliance fees (i)	901	650
Professional fees (i)	3,750	2,500
Direct property expenses and outgoings (i)	-	500
Registry fees (ii)	18,010	17,238
Responsible Entity management fees (iii)	73,811	103,489
	<u>102,857</u>	<u>130,257</u>

ii. Balances recorded in the statement of financial position

	2020	2019
	\$	\$
Trade and other payables (i)(ii)(iii)	<u>1,616</u>	10,833

(i) Reimbursement of costs incurred by the Responsible Entity and SPFM No. 2 Unit Trust on behalf of the Scheme.

(ii) A company associated with the Responsible Entity provides registry services to the Scheme for which it levies a fee.

(iii) The Responsible Entity is entitled to a management fee of 0.60% p.a. (plus GST) of the gross asset value of the Scheme.

Acacia Ridge Industrial Trust
Notes to the financial statements
30 June 2020

Note 14 Related party transactions (continued)

(d) Related party investments held by the Scheme

The Scheme has no investment in the Responsible Entity or its associates (2019: nil).

(e) Units in the Scheme held by other related parties

Units held by the Responsible Entity

The Responsible Entity does not hold any interest in the Scheme as at 30 June 2020 (2019: nil).

Units held by Director related entities

The following entities associated with Directors of the Responsible Entity hold units in the Scheme:

Entity	Unitholding	Interest held	Units issued	Units redeemed	Distribution paid and/or payable
	\$	%	No.	No.	\$
2020					
Bacon Executive Superfund	-	-	-	23,918	27,797
	-	-	-	23,918	27,797
2019					
Bacon Executive Superfund	23,918	0.0021	23,918	-	1,818
	23,918	0.0021	23,918	-	1,818

(f) Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

(g) Other transactions within the Scheme

Apart from those details disclosed in this note, no Director has entered into a material contract with the Scheme from inception to the end of the period and there were no material contracts involving Directors' interests subsisting at year end.

Note 15 Custodian of the Scheme

The Scheme's custodian is The Trust Company Limited. The custodian holds title to the assets of the Scheme in its name on behalf of the Scheme. The total value of assets held by the custodian at cost as at 30 June 2020 totals \$78,156 (2019: \$18,262,558).

The custodian is entitled to an annual administration fee of \$15,000 (plus GST) (2019: \$15,000 (plus GST)).

The relationship between the custodian and Responsible Entity is set out in the Custodial Agreement.

Note 16 Litigation and contingent liabilities

There are no contingent liabilities or contingent assets at 30 June 2020.

Note 17 Events subsequent to reporting date

Final amounts owing were paid and the Scheme's bank accounts closed in July 2020, with all financial and investor obligations having been satisfied. Upon final lodgement of the Scheme's income tax return for the financial year ended 30 June 2020, the Scheme will be wound up in due course.

Acacia Ridge Industrial Trust
Directors' declaration

In the opinion of the Directors of Trilogy Funds Management Limited (Responsible Entity), the Responsible Entity of Acacia Ridge Industrial Trust (Scheme):

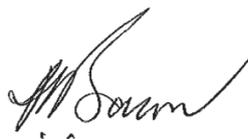
- (a) The financial statements and notes, as set out on pages 6 to 18 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2020 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2; and
- (b) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity.



Philip A Ryan
Executive Director

28 October 2020
Brisbane



Rodger I Bacon
Executive Deputy Chairman

28 October 2020
Brisbane

INDEPENDENT AUDITOR'S REPORT

To the unitholders of Acacia Ridge Industrial Trust

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Acacia Ridge Industrial Trust (the Registered Scheme), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Acacia Ridge Industrial Trust, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of matter- Basis of preparation

We draw attention to Note 2 of the financial report, which states that the financial report of the Registered Scheme has been prepared on a wind up basis, following the realisation of the Registered Scheme's investment property. Our opinion is not modified in respect of this matter.

Other information

The directors of Trilogy Funds Management Limited, as Responsible Entity of Acacia Ridge Industrial Trust, are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of Trilogy Funds Management Limited, as responsible entity of Acacia Ridge Industrial Trust, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or has 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



P A Gallagher
Director

Brisbane, 28 October 2020

Find out more

Start a conversation with us today.

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