

BRANDSMART ONE TRUST

(ABN 11 862 318 806)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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**BRANDSMART ONE TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

DIRECTORS' REPORT

The Directors of Acure Funds Management Limited ("AFM" or "Trustee") as Trustee of the Brandsmart One Trust ("Trust") presents this Directors' report together with the Financial Statements for the year ended 30 June 2020.

DIRECTORS

The Directors of AFM during the year to 30 June 2020 and up to the date of this Report were:

Angelo Del Borrello
Gianni Antonio Redolatti
Christopher Stephen Allen

PRINCIPAL ACTIVITIES

The Trust owns a Direct Factory Outlet Retail property located at 288 Whitehorse Road, Nunawading (VIC), 3131.

TOTAL VALUE OF TRUST ASSETS

The total value of the assets of the Brandsmart One Trust as at 30 June 2020 was \$50,932,350 (2019: \$62,539,165).

REVIEW OF RESULTS AND OPERATIONS

Net profit attributable to unitholders for the year ended 30 June 2020 totalled \$789,371 (2019: \$2,496,807).

No Distributions paid/payable to unitholders during the year and this is outlined in note 9 of the Notes to Financial Statements (2019: \$2,459,180).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The landscape in which we find ourselves today with COVID-19 is unprecedented. COVID-19 has significantly impacted the Trust's operations and financial position. At the time of this report Melbourne had been placed into stage 4 lockdowns on 3 August 2020 until at least 26 October 2020. This lockdown has meant that the Brandsmart Direct Factory Outlet has been forced to close to the public, with only a handful of food tenants providing takeaway services.

On 3 April 2020, The National Cabinet issued a Mandatory Code of Conduct – *SME Commercial Leasing Principles During COVID-19* ("the Code"). The purpose of the Code is to impose a set of good faith leasing principles for application to commercial tenancies between landlords and tenants, where the tenant is an eligible business for the purpose of the Commonwealth Government's JobKeeper program and has an annual turnover of up to \$50m. On 1 May 2020, the Victorian Government introduced the *COVID-19 Omnibus (Emergency Measures) (Commercial Leases and Licenses) Regulations 2020* ("the Regulations") to legislate rules for landlord and tenant rent relief negotiations during COVID-19. The Regulations, among other things, prohibits landlords from evictions and rent increases during the COVID-19 pandemic period. The Regulations also requires the landlord to provide rent relief to a tenant of an eligible lease. The Regulations require that rent relief be provided in proportion to a tenant's decrease in sales turnover as a result of COVID-19 with at least 50% of the rent relief to be provided in the form of a rent waiver and the balance as deferred rent over a period of 24 months or the tenant's remaining lease term, whichever is greater. The Regulations were originally set to expire on 29 September 2020, however, given the current COVID-19 situation in Melbourne the Victorian Government has extended the term of the Regulations until 26 April 2021.

**BRANDSMART ONE TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

DIRECTORS' REPORT (continued)

The impact of COVID-19, the Code and the Regulations on the Trust have been significant. The Trust has provided significant rent relief to tenants to date and there exists a high degree of uncertainty on the level of rent collections over the next few months. A number of tenants within the centre have also been placed into administration or have been liquidated. The Trust has significant fixed costs such as rates and taxes, insurance, financing costs etc. A reduction in rent collection may result in negative Trust cash flows and depletion of current cash reserves.

Due to the impact of COVID-19 and the material inherent uncertainty existing at the time of this report, the directors of the Trustee company have determined that the going concern basis of preparation is no longer appropriate. The directors have applied the requirements of paragraph 25 of AASB 101 Presentation of Financial Statements in preparation of the financial statements for the year ended 30 June 2020.

The current COVID-19 circumstances indicates the existence of material uncertainty which may cast significant doubt about the Trust's ability to continue as a going concern and therefore, the Trust may be unable to realise its assets and discharge its liabilities in the normal course of business.

Impact of adopting a basis other than the going concern basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report:

Under the non-going concern basis of accounting, all assets and liabilities of the Trust have been classified as current. In adopting the non-going concern basis, the Trustee company has continued to apply the disclosure requirements of Australian Accounting Standards, to the extent they are relevant to the non-going concern basis.

The Trust was in breach of certain lending covenants under a bank facility and the breach constitutes a potential event of default which would allow the bank to demand immediate repayment of amounts owing and require disposal of assets. However, the Trust has received a formal waiver of the lender's rights to call on the loan in respect of this breach until 30 November 2020. The directors of the Trustee company believe it is a reasonable assumption that the lender will continue to support the Trust beyond this date, however given the inherent uncertainty caused by COVID-19, the directors believe it to be prudent to adopt the non-going concern basis for preparation of the Financial Statements.

The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the non-going concern basis of preparation.

Comparative information has not been restated, and is measured and presented on a going concern basis.

Despite the non-going concern basis for preparation of the Financial Statements, the Trustee is continuing to explore strategies to improve operating cash flows and long term sustainability of the Trust, amidst the challenges caused by COVID-19.

**BRANDSMART ONE TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

DIRECTORS' REPORT (continued)

SIGNIFICANT EVENTS AFTER BALANCE DATE

The full impact of COVID-19 on the commercial property market is yet to be determined. At the date of this report, the Directors of the Trustee are not aware of any matter or circumstance other than as disclosed in this report that has significantly or may significantly affect the operations of the Trust, the results of its operations, or state of the Trust's affairs.

UNITS ON ISSUE

The Trust has 39,577,400 units on issue as outlined in Note 8 as at 30 June 2020 and at the date of this report.

ENVIRONMENTAL REGULATION

The senior management of the Trustee and AAM oversee the policies, procedures and systems that have been implemented to ensure the adequacy of its environmental risk management practices. It is the opinion of the Directors that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Directors are not aware of any breaches of these requirements and to the best of its knowledge all activities have been undertaken in compliance with environmental requirements.

INDEMNITY AND INSURANCE ARRANGEMENTS

The Trust Deed provides that:

- (a) Each Director and Officer of the Trustee is not personally liable to a unitholder or any other person in connection with the office of Director or Officer of the Trustee;
- (b) Except in respect of its fraud, gross negligence, or breach of trust or duty (involving its wilful default, deceit or lack of good faith), or as otherwise required by law, the Trustee will not be liable to any unitholder to any greater extent than the extent to which it can be satisfied out of the assets out of which the Trustee is actually indemnified for the liability.

The Trust Deed also indemnifies the Trustee for the cost of any insurance premiums of any Director of the Trustee.

Signed for and on behalf of the Board of the Trustee, Acure Funds Management Ltd.



ANGELO DEL BORRELLO
DIRECTOR
29 September 2020

**BRANDSMART ONE TRUST
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
REVENUE			
Rental income	5	4,150,188	6,181,443
Directly recoverable income		100,439	128,864
Interest income		2,860	10,173
Other income		29,991	37,522
Total Revenue		<u>4,283,478</u>	<u>6,358,002</u>
EXPENDITURE			
Interest and financing expenses		1,273,696	1,390,982
Occupancy Expenses		828,983	814,702
Management fees and wages costs		672,124	837,492
Repairs & Maintenance		167,281	282,735
Directly Recoverable Expense		100,439	91,793
Marketing Expenses		132,135	145,753
Other operating expenses		319,449	297,738
Total Expenses		<u>3,494,107</u>	<u>3,861,195</u>
Net Profit for the year		789,371	2,496,807
Other comprehensive income			
Fair value movement - investment property		(11,579,350)	(7,495,800)
Total comprehensive income / (loss) for the year		<u>(10,789,979)</u>	<u>(4,998,993)</u>

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

**BRANDSMART ONE TRUST
FINANCIAL STATEMENTS
AS AT 30 JUNE 2020**

STATEMENT OF FINANCIAL POSITION

	Note	2020 \$	2019 \$
ASSET			
Current assets			
Cash and cash equivalents	3	623,951	704,213
Receivables and prepayments	4	308,400	334,952
Investment properties	5	50,000,000	-
Total current assets		50,932,350	1,039,165
Non-current assets			
Investment properties	5	-	61,500,000
Total non-current assets		-	61,500,000
Total assets		50,932,350	62,539,165
LIABILITIES			
Current liabilities			
Trade and other payables	6	517,515	643,053
Distributions payable	9	-	145,000
Interest-bearing loans and borrowings	7	34,053,703	900,000
Total current liabilities		34,571,218	1,688,053
Non-current liabilities			
Interest-bearing loans and borrowings	7	-	33,700,000
Total non-current liabilities		-	33,700,000
Total liabilities		34,571,218	35,388,053
Net assets		16,361,133	27,151,112
EQUITY			
Unitholder equity	8	39,577,400	39,577,400
Establishment costs		(3,263,677)	(3,263,677)
Fair value reserve		(20,768,178)	(9,188,828)
Retained earnings		815,588	26,217
Total Equity		16,361,133	27,151,112

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

**BRANDSMART ONE TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

STATEMENT OF CHANGES IN EQUITY

	Net Issued Equity \$	Fair Value Reserve \$	Retained Earnings \$	Total \$
Balance as at 1 July 2018	36,313,723	(1,693,028)	(11,410)	34,609,285
Other comprehensive income	-	(7,495,800)	-	(7,495,800)
Net profit - year to June 2019	-	-	2,496,807	2,496,807
Distribution paid/payable	-	-	(2,459,180)	(2,459,180)
Balance as at 30 June 2019	<u>36,313,723</u>	<u>(9,188,828)</u>	<u>26,217</u>	<u>27,151,112</u>
Balance as at 1 July 2019	36,313,723	(9,188,828)	26,217	27,151,112
Other comprehensive income	-	(11,579,350)	-	(11,579,350)
Net profit - year to June 2020	-	-	789,371	789,371
Distribution paid/payable	-	-	-	-
Balance as at 30 June 2020	<u>36,313,723</u>	<u>(20,768,178)</u>	<u>815,588</u>	<u>16,361,133</u>

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

**BRANDSMART ONE TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

STATEMENT OF CASH FLOW

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Cash receipts from customers		4,075,252	6,193,817
Cash paid to suppliers and employees		(2,297,820)	(2,255,720)
Interest received		2,860	10,173
Interest paid		(1,089,907)	(1,390,140)
Net cash flows from operating activities	12	<u>690,385</u>	<u>2,558,130</u>
Cash flows from investing activities			
Acquisition of Property, Plant and Equipment		(79,350)	-
Disposal of Property, Plant & Equipment		-	4,200
Net cash flows (used in) / from investing activities		<u>(79,350)</u>	<u>4,200</u>
Cash flows from financing activities			
Distributions paid to Unitholders		(145,000)	(2,614,301)
Repayment of Borrowings		(622,905)	-
Proceeds from premium fundings		76,608	-
Net cash flows used in financing activities		<u>(691,297)</u>	<u>(2,614,301)</u>
Net increase/(decrease) in cash and cash equivalents		(80,262)	(51,971)
Cash and cash equivalents at beginning of the year		704,213	756,184
Cash and cash equivalents at end of the year	3	<u>623,951</u>	<u>704,213</u>

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

**BRANDSMART ONE TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. CORPORATE INFORMATION

These special purpose financial statements of Brandsmart One Trust ('Trust') for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors of Acure Funds Management Ltd (Trustee) on 29 September 2020.

Acure Funds Management Ltd ("AFM") is the Trustee of the Trust and is incorporated and domiciled in Australia.

The nature of the operations and principal activities of the Trust are as described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Trust is not a reporting entity because, in the directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs.

These special purpose financial statements have been prepared for distribution to the unitholders and directors of the Trustee and for internal management reporting purposes. The accounting policies used in the preparation of these financial statements, as described below, are, in the opinion of the directors, appropriate to meet the needs of the unitholders and directors:

- (i) The landscape in which we find ourselves today with COVID-19 is unprecedented. COVID-19 has significantly impacted the Trust's operations and financial position. At the time of this report Melbourne had been placed into stage 4 lockdowns on 3 August 2020 until at least 26 October 2020. This lockdown has meant that the Brandsmart Direct Factory Outlet has been forced to close to the public, with only a handful of food tenants providing takeaway services.

On 3 April 2020, The National Cabinet issued a Mandatory Code of Conduct – SME Commercial Leasing Principles During COVID-19 ("the Code"). The purpose of the Code is to impose a set of good faith leasing principles for application to commercial tenancies between landlords and tenants, where the tenant is an eligible business for the purpose of the Commonwealth Government's JobKeeper program and has an annual turnover of up to \$50m. On 1 May 2020, the Victorian Government introduced the COVID-19 Omnibus (Emergency Measures) (Commercial Leases and Licenses) Regulations 2020 ("the Regulations") to legislate rules for landlord and tenant rent relief negotiations during COVID-19. The Regulations, among other things, prohibits landlords from evictions and rent increases during the COVID-19 pandemic period. The Regulations also requires the landlord to provide rent relief to a tenant of an eligible lease. The Regulations require that rent relief be provided in proportion to a tenant's decrease in sales turnover as a result of COVID-19 with at least 50% of the rent relief to be provided in the form of a rent waiver and the balance as deferred rent over a period of 24 months or the tenant's remaining lease term, whichever is greater. The Regulations were originally set to expire on 29 September 2020, however, given the current COVID-19 situation in Melbourne the Victorian Government has extended the term of the Regulations until 26 April 2021.

The impact of COVID-19, the Code and the Regulations on the Trust have been significant. The Trust has provided significant rent relief to tenants to date and there exists a high degree of uncertainty on the level of rent collections over the next few months. A number of tenants within the centre have also been placed into administration or have been liquidated. The Trust has significant fixed costs such as rates and taxes, insurance, financing costs etc. A reduction in rent collection may result in negative Trust cash flows and depletion of current cash reserves.

BRANDSMART ONE TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due to the impact of COVID-19 and the material inherent uncertainty existing at the time of this report, the directors of the Trustee company have determined that the going concern basis of preparation is no longer appropriate. The directors have applied the requirements of paragraph 25 of AASB 101 Presentation of Financial Statements in preparation of the financial statements for the year ended 30 June 2020.

The current COVID-19 circumstances indicates the existence of material uncertainty which may cast significant doubt about the Trust's ability to continue as a going concern and therefore, the Trust may be unable to realise its assets and discharge its liabilities in the normal course of business.

Impact of adopting a basis other than the going concern basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report:

Under the non-going concern basis of accounting, all assets and liabilities of the Trust have been classified as current. Assets have been measured at fair value. Included in trade receivables is a provision for expected credit losses which is based on the difference between the contractual cash flows due in accordance with the lease agreements and all the cash flows that the Trust expects to receive. In adopting the non-going concern basis, the Trustee company has continued to apply the disclosure requirements of Australian Accounting Standards, to the extent they are relevant to the non-going concern basis.

The Trust was in breach of certain lending covenants under a bank facility and the breach constitutes a potential event of default which would allow the bank to demand immediate repayment of amounts owing and require disposal of assets. However, the Trust has received a formal waiver of the lender's rights to call on the loan in respect of this breach until 30 November 2020. The directors of the Trustee company believe it is a reasonable assumption that the lender will continue to support the Trust beyond this date, however given the inherent uncertainty caused by COVID-19, the directors believe it to be prudent to adopt the non-going concern basis for preparation of the Financial Statements.

The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the non-going concern basis of preparation.

Comparative information has not been restated, and is measured and presented on a going concern basis.

Despite the non-going concern basis for preparation of the Financial Statements, the Trustee is continuing to explore strategies to improve operating cash flows and long term sustainability of the Trust, amidst the challenges caused by COVID-19.

- (ii) The requirements of Australian Accounting Standards and other reporting requirements in Australia do not have mandatory applicability to the Brandsmart One Trust because it is not a "reporting entity". The directors have, however, prepared the financial statements in accordance with the recognition, measurement and classification requirements of Australian Accounting Standards and the other mandatory financial reporting requirements in Australia with the following exceptions:

AASB 9	Financial Instruments
AASB 13	Fair Value Measurement
AASB 16	Leases
AASB 138	Intangible Assets
AASB 140	Investment Property

BRANDSMART ONE TRUST
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Directors have prepared the financial statements in accordance with the disclosure requirements of the following accounting standards:

AASB 101	Presentation of Financial Statements
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048	Interpretation of Standards
AASB 1054	Australian Additional Disclosures

(b) New Accounting Standards and Interpretations

In the current year, the Trust has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting years beginning 1 July 2019. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position or performance of the Trust.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting year ending 30 June 2020.

These new and revised standards and interpretations will have no effect on the Trust's financial position or financial performance.

(c) Significant accounting judgements, estimates and assumptions

The carrying amount of certain assets and liabilities is often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

(i) Impairment of non-financial assets

The Trust assesses impairment of all assets at each reporting date by evaluating conditions specific to the Trust and to the particular asset that may lead to impairment. These include asset performance, technology and economic and political environments. If an impairment trigger exists, the recoverable amount of the asset is determined.

(d) Revenue recognition

(i) Rent

Rental income is brought to account based on lease payments received or receivable in accordance with the lease terms. If not received at balance date, rental income is reflected in the Statement of Financial Position as a receivable.

BRANDSMART ONE TRUST
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

(ii) Interest Income

Interest income is recognised when received.

(e) Expenses

Expenses are brought to account on an accrual basis and, if not paid at the balance date, expenses are reflected in the Statement of Financial Position as a payable.

(i) *Property expenses*

Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of the Trust.

(ii) *Interest and financing expenses*

Finance expense include interest expense and other related charges.

(iii) *Borrowing costs*

Borrowing costs include transaction costs incurred in obtaining finance and are amortised over the period of the related finance facility.

(iv) *Performance fees*

Performance fees are brought into account only when there is objective evidence that the Investment Property will be sold.

(f) Goods and Services Tax

Revenues, expenses and capital assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 in the balance sheet are shown inclusive of GST.

GST paid to ATO during the year were included in cash paid to suppliers and employees in the Statement of Cash Flow.

(g) Income Tax

Under current Australian legislation, the Trust is not subject to income tax, provided the unitholders are presently entitled to the income of the Trust and the Trust distributes its net taxable income.

(h) Distributions

In accordance with the Trust Deed, the Trust distributes its distributable income to unitholders by cash. Distributions are provided for when they are approved by the Board of Directors and declared.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

BRANDSMART ONE TRUST
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Trade and other receivables

Trade receivables are recognised initially at fair value which is generally the original invoice and subsequently measured at amortised cost using the effective interest rate method less an allowance for impairment. They generally have 30 day terms.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectable are written off when identified.

(k) Investment properties

Investment properties consist of properties held for long-term rental yields, capital appreciation or both. Investment properties are initially recognised at cost including acquisition costs. Investment properties are subsequently measured at fair-value.

Investment properties are not depreciable for accounting purposes.

The basis of valuation of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Where this is not available, an appropriate valuation method is used, which may include the discounted cash flow and the capitalisation method.

Discount rates and capitalisation rates are determined based on industry expertise and knowledge, and where possible a direct comparison to third party rates for similar assets in a comparable location. Rental income from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are also reflected in fair value. External valuations of property will be carried out on a tri-annual basis or earlier where the Trustee believes there is a potential for a material change in the fair value of the property or as a requirement of the financier.

Changes in fair values are recorded in the other comprehensive income in the Statement of Profit or Loss and Other Comprehensive Income. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Statement of Profit or Loss and Other Comprehensive Income in the year of disposal. Subsequent redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in an enhancement in the future economic benefits of the property.

BRANDSMART ONE TRUST
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Trade and other payables

Trade payable and other payables are carried at cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Interest bearing loans and borrowings

Loans are recognised at their principal amount. Borrowings are classified as current or non-current depending on the terms of the loan facility

(n) Establishment costs

Establishment cost include establishment fees, commissions, legal, due diligence and other costs associated with raising the capital.

	2020	2019
3. CASH AND CASH EQUIVALENTS	\$	\$
Cash at Bank	623,123	703,910
Cash on Hand	828	303
Cash and cash equivalents	<u>623,951</u>	<u>704,213</u>

	2020	2019
4. RECEIVABLES AND PREPAYMENTS	\$	\$
Trade receivable	227,390	29,982
Unbilled outgoings income	7,958	-
Prepayments	73,052	304,970
	<u>308,400</u>	<u>334,952</u>

	2020	2019
5. INVESTMENT PROPERTY	\$	\$
288 Whitehorse Road, Nunawading, VIC		
Investment property at cost	70,768,178	70,688,828
Fair value adjustments	(20,768,178)	(9,188,828)
Investment property at fair value	<u>50,000,000</u>	<u>61,500,000</u>

The Directors have assessed fair value of the property at 30 June 2020 to be \$50,000,000. The Directors' assessment of fair value has been based on recent Property Agent sales advice received from Savills and Colliers which provided an indicative target sales price range for the property of between \$50,000,000 to \$60,000,000.

	\$	\$
Rental income derived from investment properties	<u>4,150,188</u>	<u>6,181,443</u>

BRANDSMART ONE TRUST
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
9. DISTRIBUTIONS TO UNITHOLDERS		
Distributions paid during the year	-	2,314,180
Distribution payable at year end	-	145,000
Total distributions for the year	<u>-</u>	<u>2,459,180</u>

10. CONTINGENT LIABILITIES

The Directors of the Trustee are not aware of any contingent liabilities in relation to the Trust as at 30 June 2020.

11. COMMITMENTS

The Trust has no capital commitments.

12. RECONCILIATION OF NET PROFIT ATTRIBUTABLE TO UNITHOLDERS TO NET CASH INFLOW FROM OPERATING ACITIVITIES

	2020	2019
	\$	\$
Net profit attributable to unitholders	789,371	2,496,807
Changes in assets and liabilities :		
(Increase)/Decrease in receivables and prepayments	27,709	(154,012)
Increase/(Decrease) in payables and income billed in advance	<u>(126,695)</u>	<u>215,335</u>
Net cash inflows from operating activities	<u>690,385</u>	<u>2,558,130</u>

	2020	2019
	\$	\$
13. AUDITORS' REMUNERATION		
Trust audit fee - Reliance Auditing Services	<u>11,500</u>	<u>13,500</u>

14. SIGNIFICANT EVENTS AFTER BALANCE DATE

The full impact of COVID-19 on the commercial property market is yet to be determined. At the date of this report, the Directors of the Trustee are not aware of any matter or circumstance other than as disclosed in this report that has significantly or may significantly affect the operations of the Trust, the results of its operations, or state of the Trust's affairs.

**BRANDSMART ONE TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

DIRECTORS' DECLARATION

This special purpose financial report has been prepared to satisfy the reporting requirements under the Trust Deed. The directors of the trustee company have determined that the accounting policies adopted are appropriate to meet the needs of the unitholders. The financial statements have been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements and other statutory requirements.

In our opinion:

- (i) the financial statements are drawn up so as to present fairly the Brandsmart One Trust's financial position as at 30 June 2020 and its performance as represented by the results of its operations and cash flows for the year ended on that date;
- (ii) comply with accounting policies as described in Note 2; and
- (iii) there are reasonable grounds to believe that the Brandsmart One Trust will be able to pay its debts as and when they become payable.

This declaration has been made in accordance with the Trust Deed of the Brandsmart One Trust.

On behalf of the Board
Acure Funds Management Ltd



Angelo Del Borrello
Director
Perth
29 September 2020

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF BRANDSMART ONE TRUST

Opinion

We have audited the financial statements of Brandsmart One Trust ('the Trust'), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' Declaration.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Trust as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards to the extent described in Note 2 to the financial statements.

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 Statements* section of our report. We are independent of the trustee company and the Trust in accordance with 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 statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – basis of preparation

We draw attention to Note 2 to the financial statements, which describes the basis of preparation. The financial statements have been prepared on a basis other than going concern for the reasons described in Note 2 (a). Our opinion is not modified in respect of this matter.

Responsibilities of the directors of the trustee company for the Financial Statements

The directors of the trustee company are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 2 to the financial statements are appropriate to meet the financial reporting requirements of the Trust Deed and are appropriate to meet the needs of the unitholders. This responsibility includes establishing and maintaining internal control as the directors of the trustee company determine is necessary to enable the preparation and fair presentation of a financial statements that is free from material misstatement, whether due to fraud or error.

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

The directors of the trustee company are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 statements.

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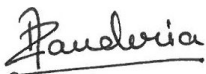
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the trustee company.
- Conclude on the appropriateness of the directors of the trustee company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Reliance Auditing Services



Naz Randeria
Managing Director
Perth
29 September 2020