

**HARMONY INDUSTRIAL PROPERTY FUND UNIT
TRUST**

ABN 43 239 494 905

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

HARMONY INDUSTRIAL PROPERTY FUND UNIT TRUST
ABN 43 239 494 905

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
INCOME			
Interest Received		11,913	40,307
Rent Received		3,252,292	1,539,486
		<u>3,264,205</u>	<u>1,579,793</u>
LESS EXPENDITURE			
Accountancy Fees		3,030	200
Advertising		1,212	-
Amortisation - Syndicate Establishment Costs		164,466	108,617
Auditors' Remuneration		980	940
Bank charges		369	120
Borrowing Expenses		78,487	37,066
Consultancy Fees		27,258	333
Depreciation		754,316	606,513
Interest paid		835,390	275,571
Legal Costs		8,854	12,431
Licences, Registrations & Permits		267	666
Management Fees		148,706	45,656
Sundry Expenses		195	3,662
		<u>2,023,530</u>	<u>1,091,775</u>
NET OPERATING PROFIT		1,240,675	488,018
Distribution to beneficiary:			
Beneficiaries		<u>1,240,675</u>	<u>488,018</u>
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

HARMONY INDUSTRIAL PROPERTY FUND UNIT TRUST
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BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash At Bank		969,222	2,390,742
Good and services tax: GST		-	51,853
Knight Frank Trust Account		-	10,878
MRS Trust Account		30,291	-
Accounts Receivable		13,562	170,001
TOTAL CURRENT ASSETS		<u>1,013,075</u>	<u>2,623,474</u>
FIXED ASSETS			
Land & Buildings		52,045,042	52,002,243
Less Accumulated Depreciation		(1,360,829)	(606,513)
TOTAL FIXED ASSETS		<u>50,684,213</u>	<u>51,395,730</u>
INTANGIBLE ASSETS			
Syndicate Establishment Costs		1,151,263	1,151,262
Less Accumulated Amortisation		(273,083)	(108,617)
Borrowing Costs		392,436	392,436
Less Accumulated Amortisation		(115,553)	(37,066)
TOTAL INTANGIBLE ASSETS		<u>1,155,063</u>	<u>1,398,015</u>
TOTAL ASSETS		<u>52,852,351</u>	<u>55,417,219</u>
CURRENT LIABILITIES			
Accounts Payable		32,469	1,254
Revenue Received in Advance		40,959	48,234
Security Deposits Held		101,463	131,713
Good and services tax: GST		94,087	-
TOTAL CURRENT LIABILITIES		<u>268,978</u>	<u>181,201</u>
NON-CURRENT LIABILITIES			
Loan - Bank		22,300,000	24,000,000
TOTAL NON-CURRENT LIABILITIES		<u>22,300,000</u>	<u>24,000,000</u>
TOTAL LIABILITIES		<u>22,568,978</u>	<u>24,181,201</u>
NET ASSETS		<u>30,283,373</u>	<u>31,236,018</u>
TRUST FUNDS			
Issued Units		31,700,000	31,700,000
Less Capital Adjustment		(1,416,627)	(463,982)
TOTAL TRUST FUNDS		<u>30,283,373</u>	<u>31,236,018</u>

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

HARMONY INDUSTRIAL PROPERTY FUND UNIT TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 Summary of Significant Accounting Policies

The director of the trustee company has prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the trust deed, the information needs of the beneficiary and for the basis of preparation of the income tax return.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the director has determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the financial statements are as follows:

(a) Property, Plant and Equipment

All property, plant and equipment assets are initially measured at cost and are depreciated over their useful lives to the trust.

The carrying amount of property, plant and equipment is reviewed annually by the trustee to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the trust commencing from the time the asset is held ready for use.

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

(c) Trust Funds

The movement in Trust Funds on the Balance Sheet reflects the total value of Units issued less any distribution of profit and return of capital for the period.

The closing balance of Trust Funds on the Balance Sheet represents the total value of Units issued to unit holders, less distributions of entitled profit and any return of capital that has occurred over the life of the Syndicate.

(d) Rent Received

Income allocated to Rent Received is calculated by determining the net income directly attributed to the real property owned by the trust. This includes, but is not limited to, tenant rent and outgoings recoveries, less all property outgoing including insurance, rates, taxes, repairs and maintenance expenses.

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FOR THE YEAR ENDED 30 JUNE 2020

(e) External Loan Borrowings

Loan borrowings are reported on the Balance Sheet as Non- Current Liabilities as they are not anticipated to be repaid at maturity date and the Directors expect to refinance the facility over the short-medium term.

The current facility expires on 1 November 2020.

COMPILATION REPORT

TO HARMONY INDUSTRIAL PROPERTY FUND UNIT TRUST

We have compiled the accompanying special purpose financial statements of Harmony Industrial Property Fund Unit Trust, which comprise the balance sheet as at 30 June 2020, the profit and loss statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1 to the financial statements.

The Responsibility of the Director of the Trustee Company

The director of the trustee company is solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the significant accounting policies used are appropriate to meet the director's needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the director of the trustee company, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies as described in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the significant accounting policies described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110: Code of Ethics for Professional Accountants.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the director of the trustee company who is responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

William Buck (SA) Pty Ltd



Director: Adrian Chugg

Dated: 18 August 2020

 **William Buck**



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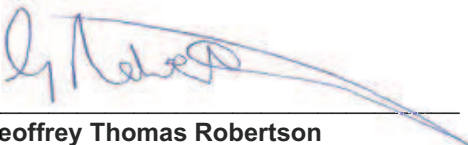
DIRECTOR'S DECLARATION

The director of the trustee company declares that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In accordance with a resolution of the director, the director of the trustee company declares that:

1. the financial statements and notes, which comprise the balance sheet as at 30 June 2020, the profit and loss statement for the year then ended, a summary of significant accounting policies and other explanatory notes present fairly the trust's financial position as at 30 June 2020 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. in the director's opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

Director



Geoffrey Thomas Robertson

Dated: 18 August 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Harmony Industrial Property Fund Pty Ltd as Trustee for the Harmony Industrial Property Fund Unit Trust

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Harmony Industrial Property Fund Pty Ltd as Trustee for the Harmony Industrial Property Fund Unit Trust (the entity), which comprises the Balance Sheet as at 30 June 2020, the Profit and Loss Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Director's Declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2020, and of its financial performance for the year then ended in accordance with the accounting policies used and described in Note 1 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 as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is a special purpose financial report that has been prepared for the purpose of fulfilling the director's financial report responsibilities and needs. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the trustee company's constitution. Directors responsibility also includes such internal control as directors determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the entity'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 directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The directors of Harmony Industrial Property Fund Pty Ltd as Trustee for the Harmony Industrial Property Fund Unit Trust are responsible for overseeing the entity's financial reporting process.

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 the 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 financial report.

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

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

We communicate with 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.

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**



**SAMANTHA CRETEN
PARTNER**

Signed on the 19th of August 2020,
at 214 Melbourne Street, North Adelaide