

Storehouse Residential Trust and its Controlled Entity

ARSN 135 812 074

Consolidated financial report for the year ended 30 June 2018

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Directors' Report

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297042) ("OMIFL" or the "Responsible Entity"), the responsible entity of Storehouse Residential Trust (ARSN 135 812 074) (the "Scheme"), submit their report on the Scheme for the year ended 30 June 2018.

Responsible Entity - from 29 June 2017 to date

The responsible entity of the Scheme is OMIFL. The registered office and principal place of business of the Responsible Entity is Level 11, 20 Hunter Street, Sydney NSW 2000.

Former Responsible Entity – 1 July 2016 to 28 June 2017

The former responsible entity of the Scheme was Storehouse Managed Investments Limited (ABN 51 084 088 157 AFSL 230808), now known as XSMIL Pty Ltd ("Former Responsible Entity"). The registered office and principal place of business of the Former Responsible Entity is Level 7, 91 Phillip Street, Parramatta NSW 2150.

Directors and Senior Management

The names of the directors and company secretary of the Responsible Entity, during the year and up to the date of this report are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-Executive Director
Sarah Wiesener	Company Secretary

The names of the directors and company secretary of the Former Responsible Entity, 1 July 2016 to 28 June 2017 were:

Name	Title
Peter Allan Delaney	Director and Company Secretary
Stanley Dewance Jeffery	Non-Executive Director
Michael James Scott	Non-Executive Director

Principal Activities

The Scheme is a registered managed investment scheme domiciled in Australia. The principal activity of the Scheme is to invest funds in properties in accordance with the investment objectives and guidelines set out in its current Product Disclosure Statement and in accordance with the provisions of its Constitution.

The Scheme has invested in a sub-trust where it is the sole beneficiary and unitholder. This sub-trust is being used to purchase and develop a dual income property in Werribee Victoria. The consolidation of the sub-trust is included in the financial report.

The Scheme did not have any employees during the year.

Review of Operations**Results**

The results of operations of the Scheme are disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The loss attributable to unitholders for the year ended 30 June 2018 was \$47,666 (2017: \$66,012 income).

Distributions

Total distribution payable to unitholders for the financial year ended 30 June 2018 amounted to \$50,850 (2017: \$66,012) or 1.95 cents per unit (2017: 2.85 cents per unit).

For further details regarding distributions paid and payable during the year, refer to Note 4 of the consolidated financial statements.

Directors' Report (continued)

Subsequent Events

It is planned that the sub-trust sell the property and be wound up in the next financial year.

Other than the above, there are no matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

Likely Developments and Expected Results of Operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines set out in its Product Disclosure Statement and in accordance with the provisions of its Constitution. Future results will accordingly depend on the performance of the markets to which the Scheme is exposed.

Investment performance is not guaranteed and future results may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further details of likely future developments in the operations of the Scheme, and the expected results of those operations in future financial years, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Scheme.

Responsible Entity's Transactions with the Scheme and Interest Held in the Scheme

The number of interests in the Scheme as at the end of the reporting period is 2,602,216 units (2017: 2,302,322 units). The number of interests held by the Responsible Entity and its related parties as at the end of the reporting period is nil.

No withdrawals were made by the Responsible Entity and its related parties during the financial year as disclosed in Note 17 (b).

The fees paid to the Responsible Entity and its associates out of Scheme property during the financial year is \$66,057 (2017: \$nil) as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The fees paid to the Former Responsible Entity and its associates out of Scheme property during the financial year is \$nil (2017: \$65,152) as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The value of the Scheme's net assets as at the end of the financial year is \$2,659,166 (2017: \$2,406,808) as disclosed in the Consolidated Statement of Financial Position as "Net Assets" and the basis of valuation is provided in Note 2 to the consolidated financial statements. The financial assets are valued as disclosed in Note 2.

Indemnification of Directors, Officers and Auditors

The Responsible Entity has paid premiums to insure their directors under a Directors and Officers Insurance policy. The Responsible Entity entered into insurance policies to indemnify each director against any liability arising from a claim brought against the entity and its directors by a third party for the supply of substandard services or advice.

No indemnification has been obtained for the auditors of the Scheme.

Proceedings on Behalf of the Scheme

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

The Scheme was not a party to any such proceedings during the year.

Directors' Report (continued)

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 4.

No officer or director of the Responsible Entity is or has been a partner/director of any auditor of the Scheme.

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

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

28 September 2018

28 September 2018

The Directors
One Managed Investment Funds Limited
As the Responsible Entity of Storehouse Residential Trust
Level 11
20 Hunter Street
SYDNEY NSW 2000

Dear Directors

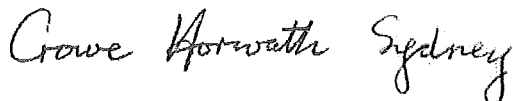
Storehouse Residential Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of One Managed Investment Funds Limited.

As lead audit partner for the audit of the consolidated financial report of Storehouse Residential Trust and its Controlled Entity for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely



CROWE HORWATH SYDNEY



JOHN HAYDON
Senior Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Note	Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
Income			
Interest income		50,181	55,555
Net gain on financial instruments (shared equity) held at fair value through profit or loss		54,260	158,686
Net gain on investment property held at fair value		59,003	35,000
Net gain on investment in stocks		13,548	-
Underwriting fee		-	60,066
Other income		1,705	-
Total income		178,697	309,307
Expenses			
Advertising expense		1,345	16,727
Responsible entity fees		66,057	-
Former Responsible entity fees		-	65,152
Management fee		8,178	25,916
Accounting expenses		15,375	48,145
Bank charges		1,053	907
Filing fees		1,791	1,598
Insurance expense		-	24,564
Subscriptions		5,634	1,326
Legal fees		-	3,709
Custodial fees		25,871	22,039
IT and software expenses		8,796	300
Rental expenses		12,527	19,193
Audit fee		60,182	-
Tax fee		6,270	-
Other expenses		13,284	13,719
Total expenses		226,363	243,295
(Loss)/profit attributable to unitholders		(47,666)	66,012
Total comprehensive (loss)/income for the year attributable to unitholders		(47,666)	66,012
Distribution of Profits			
Profit attributable to unitholders		-	66,012
Distributions to unitholders		(50,850)	(66,012)
Undistributed profits for the year		-	-

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Financial Position as at 30 June 2018

	Note	30 June 2018 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents	5	215,357	8,793
Trade and other receivables	6	38,704	269,287
Other assets	7	18,019	7,219
Total current assets		272,080	285,299
Non-current assets			
Other receivables	6	267,546	-
Investment property	8	347,592	281,067
Investment in stocks		142,650	-
Intangible assets	9	179,319	261,958
Financial assets - loans and receivables	10	1,331,949	1,402,167
Financial assets - shared equity held at fair value through profit or loss	10	355,606	400,122
Total non-current assets		2,624,662	2,345,314
Total assets		2,896,742	2,630,613
Liabilities			
Current liabilities			
Trade and other payables	11	95,398	97,977
Distribution payable	4	50,850	34,500
Total current liabilities		146,248	132,477
Non-current liabilities			
Funding facility	13	91,328	91,328
Total non-current liabilities		91,328	91,328
Total liabilities		237,576	223,805
Net assets		2,659,166	2,406,808
Net assets attributable to unitholders			
Unitholders' funds	12	2,659,166	2,406,808
Total equity		2,659,166	2,406,808

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2018

	Note	Unitholders Funds \$	Undistributed Income \$	Total Equity \$
Balance at 1 July 2016		2,024,354	-	2,024,354
Comprehensive income			66,012	66,012
Application for units		382,454	-	382,454
Distribution to unitholders	4	-	(66,012)	(66,012)
Total transactions with unitholders		382,454	-	382,454
Balance at 30 June 2017		2,406,808	-	2,406,808
Balance at 1 July 2017		2,406,808	-	2,406,808
Comprehensive income		-	(47,666)	(47,666)
Net applications/redemptions for units		350,874	-	350,874
Distribution to unitholders	4	-	(50,850)	(50,850)
Total transactions with unitholders		350,874	(98,516)	252,358
Balance at 30 June 2018		2,757,682	(98,516)	2,659,166

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 30 June 2018

	Note	Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
Cash flows from operating activities			
Receipts from settlement of financial assets		-	18,854
Receipts from customers		26,381	84,880
Payments to suppliers and others		(178,564)	(858,709)
Interest received		1,850	55,555
Net cash used in operating activities	15	(150,333)	(699,420)
Cash flows from investing activities			
Distribution income received from shares of stocks		1,700	-
Net purchase and sales of shares of stocks		(129,102)	-
Payments for direct property investments		-	(57,777)
Proceeds received from shared equity exit		361,282	-
Payments for shared equity investment		(193,357)	-
Net cash provided by/(used in) investing activities		40,523	(57,777)
Cash flows from financing activities			
Proceeds from borrowings		-	91,329
Net proceeds received from issuance of units		346,260	382,452
Net distributions paid		(29,886)	(70,001)
Net cash provided by financing activities		316,374	403,780
Net increase/(decrease) in cash and cash equivalents		206,564	(353,417)
Cash and cash equivalents at the beginning of financial year		8,793	362,210
Cash and cash equivalents at the end of financial year	5	215,357	8,793
Non-cash financing activities			
Distribution reinvestments	15 (a)	4,614	8,801

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018**1. General Information**

Storehouse Residential Trust (ARSN 135 812 074) (the "Scheme" or "SRT") is an Australian registered managed investment scheme. SRT was constituted and registered as managed investment scheme on 25 March 2009. SRT is a for-profit entity for financial reporting purposes.

The responsible entity of SRT from 29 June 2017 is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297042) ("OMIFL" or the "Responsible Entity"). Prior to 29 June 2017 the responsible entity was Storehouse Managed Investments Limited (ABN 51 084 088 157 AFSL 230808), now known as XSMIL Pty Ltd ("Former Responsible Entity"). The registered office and principal place of business of the Responsible Entity is Level 11, 20 Hunter Street, Sydney, NSW 2000.

Storehouse Pty Ltd ("Storehouse" or the "Investment Manager") is the investment manager of SRT.

The consolidated financial statements cover Storehouse Residential Trust and its sub-trust SRT Werribee Trust, where Storehouse Residential Trust is the only unitholder and sole beneficiary.

The consolidated financial statements were authorised for issue by the directors on 28 September 2018. The directors of the Responsible Entity have the power to amend and reissue the consolidated financial statements.

2. Summary of Significant Accounting Policies**a) Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB). The Scheme is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar. The amounts presented are in Australian dollars, which is the Scheme's functional currency.

b) Income tax

Under current tax legislation, the Scheme is not liable to pay income tax as unitholders are presently entitled to the income of the Scheme and income of the Scheme is fully distributable to unitholders. (See Note 2(h) for further details on distributions and income tax).

c) Financial instruments**Initial recognition and measurement**

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

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

2. Significant Accounting Policies (continued)

c) Financial instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all other financial assets and liabilities held at fair value, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. The Scheme's participation in a capital gain on shared equity investment is classified as a derivative and is measured at fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Scheme's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at cost or fair value. Remeasurements of investments carried at fair value other than impairment losses and foreign exchange gains and losses are recognised in other comprehensive income. When such investments are derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

2. Significant Accounting Policies (continued)

c) Financial instruments (continued)

Classification and subsequent measurement (continued)

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Scheme assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Scheme recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are either discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

d) Provisions

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

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

e) Cash and cash equivalents

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

f) Unitholders' funds

Units issued by the Scheme are redeemable at the option of the unitholder ("puttable"). As the units satisfy all of the criteria for recognition as puttable financial instruments under paragraphs 16A and 16B of AASB 132: *Financial Instruments: Presentation*, unitholders' funds are classified as equity. Units are measured at their issue price.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

2. Significant Accounting Policies (continued)

g) Applications and redemptions of units

Redemption request while Scheme is liquid.

While the Scheme is liquid, any unitholder may request that some or all of their units be redeemed. Upon making such a request, the unitholder will have no right to deal with the units (unless and until the request is denied by the Responsible Entity).

Redemption request while Scheme is not liquid.

While the Scheme is a registered scheme but is not liquid, the Responsible Entity may make a withdrawal offer to all unitholders or to members in a class. A unitholder may withdraw from the Scheme in accordance with the terms of any current withdrawal offer.

Applications received for units are recorded net of any entry fees payable prior to the issue of units. Redemptions are recorded after the cancellation of the corresponding redeemed units. The application and redemption prices of units are determined on the basis of the value of the Scheme's net assets on the date of the application or redemption divided by the number of units on issue on that date. A full description of the method used to calculate application and redemption prices of units is provided in the Scheme's Product Disclosure Statement (PDS) and the Scheme's Constitution. Refer to Note 12 to these financial statements for further discussion of the features of the units.

h) Distribution to unitholders

The Scheme's Constitution requires that the Scheme distribute, at a minimum, the "net income" (as defined in the Income Tax Assessment Act 1936) derived during the financial year. This means the net assessable income of the Scheme is fully distributable to the unitholders, either by way of cash or reinvestment (ie unitholders are entitled to the entire profit of the Scheme). Accordingly, the Scheme does not pay income tax provided that the distributable income of the Scheme is fully distributed to unitholders.

i) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

The Scheme has in place an underwriting arrangement in relation to the establishment and formation costs of the Scheme with the Investment Manager, in relation to the underwriting income.

All revenue is stated net of the amount of goods and services tax.

j) Trade and other receivables

Trade and other receivables include amounts due from related parties for underwriting fees and audit related fees as disclosed in Note 6. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses.

k) Trade and other payables

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

2. Significant Accounting Policies (continued)

l) 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 Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

m) Basis of consolidation

The Scheme's financial statements consolidate those of the Storehouse Residential Trust and its sub-trust as of 30 June 2018. The parent controls a sub-trust if it is exposed, or has rights, to variable returns from its involvement with the sub-trust and has the ability to affect those returns through its power over the subsidiary. The sub-trust has a reporting date of 30 June.

All transactions and balances between the Scheme and sub-trust are eliminated on consolidation. Amounts reported in the financial statements of the sub-trust have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Scheme.

n) Parent entity information

Information relating to Storehouse Residential Trust ('the Parent Entity'):

	2018 \$	2017 \$
Statement of financial position		
Current assets	272,080	285,299
Total assets	2,896,742	2,630,613
Current liabilities	146,248	132,477
Total liabilities	237,576	132,477
Net assets	2,659,166	2,406,808
Unitholders' funds	2,659,166	2,406,808
Total equity	2,659,166	2,406,808
Statement of profit or loss and other Comprehensive Income		
(Loss)/profit for the year	(47,666)	66,012
Other comprehensive income	-	-
Total comprehensive (loss)/income	(47,666)	66,012

The Parent entity has no capital commitments.

The Parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

2. Significant Accounting Policies (continued)**o) Critical accounting estimates and judgments**

The Investment Manager evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information up to and including 30 June 2018. The Investment Manager has relied upon independent data reported by leading research groups including RP Data, Australian Property Monitors and Residex. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Scheme. The Investment Manager has made recommendations to the Responsible Entity for the year ended 30 June 2018. These recommendations have been adopted. Actual results may differ from these estimates.

p) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model. Investment properties are revalued annually and are included in the Consolidated Statement of Financial Position at their open market value. These values are supported by market evidence and are determined by external property professionals with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

q) New accounting standards for application in future periods

The directors have reviewed those Australian Accounting Standards issued or amended, but not yet effective and have not been adopted in the financial report, and determined that there will be no material impact on the amounts included in the financial report.

r) New and amended standards adopted by the Scheme

The Scheme has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Scheme's consolidated financial statements for the annual period beginning 1 July 2017.

None of the amendments have had a significant impact on the Scheme.

3. Auditor's remuneration

	2018 \$	2017 \$
Remuneration of the auditor of the Scheme for:		
- Audit of the consolidated financial statements Crowe Horwath Sydney (2017: Grant Thornton)	20,000	26,520
- Audit of the compliance plan Ernst & Young (2017: Grant Thornton)	3,300	4,680
	<u>23,300</u>	<u>31,200</u>

4. Unitholders' Distribution

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

	30 June 2018 \$ cents/unit	30 June 2017 \$ cents/unit
Distribution paid during the year	- -	31,512 1.36
Distribution payable for the year	50,850 1.95	34,500 1.49
	<u>50,850 1.95</u>	<u>66,012 2.85</u>

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

5. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank	215,357	8,793
	<u>215,357</u>	<u>8,793</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	2018	2017
	\$	\$
Cash at bank	215,357	8,793
	<u>215,357</u>	<u>8,793</u>

6. Trade and other receivables

	2018	2017
	\$	\$
Current		
Underwriting fee receivable from Storehouse Pty Ltd	36,958	267,546
Receivable from subtrust	1,491	1,491
Receivable from PARFD Nominees Limited	250	250
Receivable from One Registry Services	5	-
	<u>38,704</u>	<u>269,287</u>

All of the receivables are non-interest bearing. There are no receivables past due or impaired as at the reporting date.

	2018	2017
	\$	\$
Non-current		
Underwriting fee receivable from Storehouse Pty Ltd	267,546	-
	<u>267,546</u>	<u>-</u>

a) Credit risk

Credit risk is the risk of financial loss to the Scheme if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Scheme has a material credit risk exposure to Storehouse Pty Limited, a related party of Investment Manager. The following table details the Scheme's receivables potentially exposed to credit risk with ageing analysis and associated impairment, if any. Amounts are considered 'past due' when the debt has not been settled within the terms and conditions agreed between the Scheme and the debtor. Receivables that are past due are assessed for impairment by ascertaining the solvency of the debtor and provided for when there is objective evidence of specific circumstances indicating that the debt may not be repaid in full.

The balances of receivables that remain within initial terms (as detailed in the table below) are considered to be of high credit quality.

2018	Credit Rating	Gross amount	Past due and impaired	<30	31 - 60	61 - 90	>90	Within Initial Trade Terms
		\$	\$	\$	\$	\$	\$	\$
Underwriting fees - receivables	n/a	304,504	-	-	-	-	-	304,504
Other receivables	n/a	1,746	-	-	-	-	1,741	5
Financial assets - loans & receivables	n/a	1,331,949	-	-	-	-	-	1,331,949
Total		<u>1,638,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,741</u>	<u>1,636,458</u>

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

6. Trade and other receivables (continued)

a) Credit risk (continued)

2017	Credit Rating	Gross amount \$	Past due and impaired \$	<30 \$	31 - 60 \$	61 - 90 \$	>90 \$	Within Initial Trade Terms \$
Underwriting fees - receivables	n/a	267,546	-	-	-	-	-	267,546
Other receivables	n/a	1,741	-	-	-	-	1,741	-
Financial Assets - loans & receivables	n/a	1,402,167	-	-	-	-	-	1,402,167
Total		1,671,454	-	-	-	-	1,741	1,669,713

b) Collateral held as security

No collateral is held as security for any of the underwriting fees receivable and other receivable balances.

Registered second mortgages over property are held as security for the financial assets - loans and receivables.

c) Collateral pledged

No trade and other receivable balances have been pledged as collateral.

d) Fair value

Receivables are expected to be recovered within a short term and fair value is therefore equivalent to carrying amount.

Unsecured loans and receivables from related parties are deemed to be at call and repayable on demand. Their carrying amounts are equivalent to fair value.

7. Other assets

	2018 \$	2017 \$
Current		
Australian Taxation Office refunds due	1,975	5,936
Accrued income	16,044	1,283
	18,019	7,219

8. Investment property

The Scheme purchased land in Werribee, Victoria in June 2016 and at purchase intended to build a dual income tenanted property on the land. The Scheme is not yet committed to build on the land and the land may be sold as vacant land. The land has been classified as Investment Property not Inventory in these financial statements.

A summary of movement in Investment Property is set out below:

	2018 \$	2017 \$
Beginning balance	281,067	-
Transfer from inventory	-	188,290
Construction and direct costs incurred	7,522	57,777
Fair value adjustment	59,003	35,000
Closing balance	347,592	281,067

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

9. Intangible assets

Details of the Scheme's intangible assets and their carrying amounts are as follows:

	Options	Internally developed software	Formation Costs	Total
	\$	\$	\$	\$
2018				
Gross carrying amount				
Balance at 1 July 2017	225,000	36,958	-	261,958
Addition, separately acquired	-	-	30,117	30,117
Termination	(75,000)	-	-	(75,000)
Transfer to receivables	-	(36,958)	-	(36,958)
Balance at 30 June 2018	150,000	-	30,117	180,117

	Options	Internally developed software	Formation Costs	Total
	\$	\$	\$	\$
Amortisation and impairment				
Balance at 1 July 2017	-	-	-	-
Amortisation	-	-	798	798
Impairment losses	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2018	-	-	798	798
Carrying amount 30 June 2018	150,000	-	29,319	179,319

	Options	Internally developed software	Formation Costs	Total
	\$	\$	\$	\$
2017				
Gross carrying amount				
Balance at 1 July 2016	250,000	36,958	-	286,958
Addition, separately acquired	-	-	-	-
Disposals	-	-	-	-
Transfer to investment property	(25,000)	-	-	(25,000)
Balance at 30 June 2017	225,000	36,958	-	261,958

Amortisation and impairment				
Balance at 1 July 2016	-	-	-	-
Amortisation	-	-	-	-
Impairment losses	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2017	-	-	-	-
Carrying amount 30 June 2017	225,000	36,958	-	261,958

During the financial year ending 30 June 2016, the sub-trust entered into an agreement to acquire the option to purchase dual income compact dwellings in masterplanned and developing areas throughout Australia. These properties are not readily available to the market and are specially designed to generate dual income with the option to have strata titles dividing the property into dual titles. This will support the planning and strategy of the Scheme's operations. The agreement was terminated effective 30 June 2018. The Scheme has retained the first right of refusal on any properties that would have been available had the agreement remained in place. The \$75,000 remaining contractual commitments resulting from the agreement has been waived (2017: \$75,000).

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

10. Financial assets

	2018 \$	2017 \$
Non-current		
Financial assets classified as loans and receivables at amortised cost	1,331,949	1,402,167
Total	1,331,949	1,402,167
	2018 \$	2017 \$
Non-current		
Financial assets shared equity investment - held at fair value through profit or loss	355,606	400,122
Total	355,606	400,122

The shared equity investment represents the fair value of the Scheme's share in the increase in value of the underlying shared equity investments. It is a derivative instrument designated at fair value through profit or loss.

a) Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the Consolidated Statement of Financial Position are grouped into three levels of a fair value hierarchy. These levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2018 and 30 June 2017.

	30 June 2018			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets – shared equity investment	-	-	355,606	355,606
Net fair value	-	-	355,606	355,606
	30 June 2017			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets – shared equity investment	-	-	400,122	400,122
Net fair value	-	-	400,122	400,122

Fair values of the shared equity investments do not have quoted prices and it has been determined that they are classified as Level 3 of the fair value hierarchy as defined in AASB 13 *Fair Value Measurement*.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar property, or any other valuation technique or model that provides a reliable estimate of prices obtained in actual market transactions.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Scheme holds.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

11. Trade and other payables

	2018	2017
	\$	\$
Current		
Sundry payables	5,632	11,021
Accrued interest payable	3,988	11,956
Dual income property options – current	-	75,000
Accrued charges	85,778	-
	<u>95,398</u>	<u>97,977</u>
a) Financial liabilities at amortised cost classified as trade and other payables		
	2018	2017
	\$	\$
Trade and other payables		
Total current and other payables	<u>95,398</u>	<u>97,977</u>

b) The average credit period on trade payables and other payables (excluding applications for units to be processed) is 1 month. No interest is payable on outstanding trade payables during this period. For trade payables outstanding longer than 1 month, 0% per annum is payable on the outstanding balance.

c) The fair value of financial liabilities (including trade and other payables) is equivalent to their carrying amount.

12. Units on issue

a) Units on issue

The Scheme has 2,602,216 units on issue (2017: 2,302,322) worth \$2,659,166 (2017: \$2,406,808) each amounting to \$1.02 (2017: \$1.04).

	2018	2017
Number of fully paid units		
Opening balance	2,302,323	1,972,179
Applications (including reinvestments)	299,893	330,144
Closing balance	<u>2,602,216</u>	<u>2,302,323</u>

Each unit represents a right to a proportional share of the net assets of the Scheme. All units have the same rights attaching to them (identical features). The total expected returns to the holders over the life of the units are based on the profit or loss of the Scheme. These units are the only class of instruments issued by the Scheme. Therefore, the Scheme has issued no other classes of financial instruments that rank above the redeemable units. The units contain no other contractual obligations other than the redemption obligation.

The net asset value per unit as at 30 June 2018 was \$1.02 (2017: \$1.04).

b) Capital management

Management controls the capital of the Scheme in order to maintain a good debt to equity ratio, provide unitholders with adequate returns and ensure that the Scheme can fund its operations and continue as a going concern.

The Scheme's debt and capital includes issued units and financial liabilities, supported by financial assets and investment properties.

The Scheme is not subject to any externally imposed capital requirements.

The Responsible Entity effectively manages the Scheme's capital by assessing the Scheme's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to unitholders and acquisitions and disposals of financial assets.

The funding facility in relation to the sub-trust has been arranged for by the sub-trust.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

13. Funding facility

The Scheme has used a funding facility in the sub-trust in order to construct the residential property included in Investment Property. The interest on the funding facility is at a variable rate of 4.06% pa for the duration of the construction of the property.

	2018	2017
	\$	\$
Funding facility	91,328	91,328
	<u>91,328</u>	<u>91,328</u>

14. Contingent liabilities and contingent assets

As at 30 June 2018, the Scheme has the following contingent liabilities:

	\$
Management fee	10,970
License fee	3,550
Tenant fee	752
Insurance fee	25,670
Rental/Storage fee	27,601
	<u>68,543</u>

The above expenses are considered as contingent fees when in a financial year the net revenues from investments and net realised and unrealised gains exceed costs of the fund.

15. Cash flow information

	2018	2017
	\$	\$
Reconciliation of profit attributable to unitholders to cashflow from operations		
(Loss) Profit attributable to unitholders	(47,666)	66,012
Non-cash items included in profit or loss		
Fair value gains	(111,875)	(193,686)
Distribution income	(1,700)	-
Amortisation of formation costs	798	-
Movements in assets and liabilities		
(Increase)/decrease in other assets	(144,558)	18,854
(Increase)/decrease in trade and other receivables	36,963	24,814
Increase in other current asset	(10,800)	-
(Increase)/decrease in financial assets	114,734	(406,661)
Increase/(decrease) in trade and other payables	(2,579)	(204,764)
Increase/(decrease) in distributions payable	16,350	(3,989)
Net cash flow from operations	<u>(150,333)</u>	<u>(699,420)</u>

a) Net distributions paid during the period

During the year income distributions totalling \$4,614 (2017: \$8,801) were reinvested by unitholders for additional units in the Scheme.

16. Events after the reporting period

It is planned that the sub-trust sell the property and be wound up in the next financial year.

Other than the above, there are no matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

17. Related party transactions

The Scheme's main related parties are as follows:

a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly, including any director (whether executive or otherwise) of the Responsible Entity and the Investment Manager, the Responsible Entity itself and the Investment Manager, are considered key management personnel of the Scheme.

b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively, with their close family members. Other related parties also include any entities controlled, jointly controlled or significantly influenced by the Responsible Entity, the Former Responsible Entity or the Investment Manager, any of the Responsible Entity's, Former Responsible Entity's or Investment Manager's parent entities and any entities that, together with the Responsible Entity, Former Responsible Entity or Investment Manager, are subject to common control by another entity.

Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (ie at arm's length) unless the terms and conditions disclosed below specifically indicate otherwise. The following transactions occurred with related parties:

	2018	2017
	\$	\$
Receivable from related entities		
- Underwriting fee receivable from Investment Manager	304,504	267,546
- Receivable from PARFD Nominees Limited	250	250

The directors of the Responsible Entity and Former Responsible Entity entered into an arrangement with the Investment Manager, a related entity of the Scheme, to effectively recharge some of the expenditure of the Scheme to the Investment Manager. As at 30 June 2018, \$304,504 (2017: \$267,546) is receivable from the Investment Manager in relation to this agreement.

c) Compensation

No amount is paid by the Scheme directly to the directors of the Responsible Entity, Former Responsible Entity or the Investment Manager. Accordingly, no compensation as defined in AASB 124: *Related Party Disclosures* is paid by the Scheme to the directors as key management personnel.

d) Transactions with Responsible Entity and its Associated Entities

Responsible Entity fees

Responsible Entity fees of \$66,057 were incurred for the year ended 30 June 2018 (2017: \$nil) of which \$17,243 (2017: \$nil) was payable to the Responsible Entity at the end of the year.

Registry fees

Registry fees of \$5,634 were incurred for the year ended 30 June 2018 (2017: \$nil) of which \$940 (2017: \$nil) was payable to One Registry Services Pty Limited, a wholly owned subsidiary of One Investment Group, at the end of the year.

No amount is paid by the Scheme directly to the directors of the Responsible Entity, Former Responsible Entity or the Investment Manager. Accordingly, no compensation as defined in AASB 124: *Related Party Disclosures* is paid by the Scheme to the directors as key management personnel.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

18. Financial risk management

The Scheme's financial instruments consist mainly of deposits with banks, loans and receivables, accounts receivable and payable, and loans to and from related parties.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2018 \$	2017 \$
Financial assets		
Cash and cash equivalents	215,357	8,793
Trade and other receivables	38,704	269,287
Financial assets – loans and receivables	1,331,949	1,402,167
Financial assets -shared equity held at fair value through profit or loss	355,606	400,122
Total financial assets	1,941,616	2,080,369
Financial liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	95,398	97,977
- Unpaid trust distributions	50,850	34,500
- Debt funding	91,328	91,328
Total financial liabilities	237,576	223,805

Financial risk management policies

The Scheme is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, interest rate risk (market risk) and liquidity risk. The Scheme's risk management and investment policies, approved by the directors of the Responsible Entity, aim to assist the Scheme in meeting its financial targets while minimising the potential adverse effects of these risks on the Scheme's financial performance. There have been no substantive changes in the types of risks the Scheme is exposed to, how these risks arise, or the Responsible Entity's objectives, policies and processes for managing or measuring the risks from the previous period.

a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties that could lead to a financial loss to the Scheme. The Scheme's objective in managing credit risk is to minimise the credit losses incurred shared equity investments as well as on trade and other receivables.

Credit risk is managed by the Scheme through maintaining procedures that ensure, to the extent possible, that clients and counterparties are subject to a credit assessment by independent credit-history reporting agencies, which adopts prime credit risk criteria for each investment as defined by the Scheme's Product Disclosure Statement. To this end, the financial stability of clients and counterparties is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables and financial assets for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual contracts.

Credit risk exposure

The Scheme's maximum credit risk exposure at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position. Refer to Note 6(a) to these financial statements for further details on the Scheme's exposure to credit risk arising from financial assets and trade receivables.

Other than those disclosed in Note 6(a), the Scheme has no significant concentrations of credit risk with any single counterparty or group of counterparties.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

18. Financial risk management (continued)

Financial risk management policies (continued)

a) Credit risk (continued)

Credit quality

Trade receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 6.

In regards to cash and cash equivalents, the Scheme invests only with reputable financial institutions and the credit ratings together with the amounts invested are as follows:

The Scheme's maximum exposure of credit risk at the reporting date was:

	Credit Rating	Note	2018 \$	2017 \$
Cash and cash equivalents	AA	5	215,357	8,793
Trade and other receivables	n/a	6	38,704	269,287
Financial assets – loans and receivables	n/a	10	1,331,949	1,402,167
Financial assets -shared equity held at fair value through profit or loss	n/a	10	355,606	400,122
			1,941,616	2,080,369

The aging of the Scheme's financial assets at the reporting date are as follows:

	Note	30 June 2018		30 June 2017	
		Gross \$	Impairment \$	Gross \$	Impairment \$
Not past due	10	1,331,949	-	1,402,167	-
Past due 0 – 30 days			-	-	-
Past due 31 – 60 days			-	-	-
Past due 61 – 90 days			-	-	-
Past due for more than 90 days		-	-	-	-
		1,331,949	-	1,402,167	-

Collateral and other credit enhancements

The Scheme's loan assessment policy is based on strict prime credit criteria as described in Note 6(a) and property security is used as collateral. Collateral over the property is held via registered second mortgage on each property. The fair value of the collateral is supported by independent valuations of each property.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

18. Financial risk management (continued)

Financial risk management policies (continued)

b) Credit risk (continued)

The Scheme accepts collateral if they meet suitable valuation parameters, which are conservative, reviewed regularly and supported by empirical evidence.

LVR Profile	30 June 2018			30 June 2017		
	Total no. of Loans	Total % of Portfolio	Outstanding Loans \$	Total no. of Loans	Total % of Portfolio	Outstanding Loans \$
Under 10%	-	-	-	-	-	-
10% - 20%	11	92.24%	1,228,573	13	92.63%	1,298,791
20% - 30%	1	7.76%	103,376	1	7.37%	103,376
30% - 40%	-	-	-	-	-	-
40% - 50%	-	-	-	-	-	-
50% - 60%	-	-	-	-	-	-
60% - 70%	-	-	-	-	-	-
70% - 80%	-	-	-	-	-	-
80% - 90%	-	-	-	-	-	-
90% - 100%	-	-	-	-	-	-
	12	100%	1,331,949	14	100%	1,402,167

Concentration of loans

	2018 \$	2017 \$
i) Loans to individual or related groups which exceed 10% of total equity	103,376	103,376
ii) Geographical concentrations:		
NSW	825,534	1,089,109
VIC	77,300	77,300
QLD	429,115	235,758
	1,331,949	1,402,167

b) Liquidity risk

Liquidity risk arises from the possibility that the Scheme might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities as they fall due. The Scheme manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

Distributions will be paid from the Scheme income.

The income generated from the financial assets is received in cash in the form of interest on a monthly basis directly into the cash account.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises other price risk, interest rate risk and foreign currency risk. The Scheme is not currently exposed to material other price risk or foreign currency risk as it presently holds no financial instruments measured in a foreign currency. The shared equity investment is held at fair value and is subject to market risk such as fluctuations in the residential property market.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

18. Financial risk management (continued)

Financial risk management policies (continued)

c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that either the fair value of a financial instrument will fluctuate due to changes in future market interest rates (in the case of fixed rate instruments) or future changes in interest rates will affect the future cash flows (in the case of variable interest instruments). The interest-bearing financial instruments the Scheme holds are cash and cash equivalents and financial assets. The financial assets include fixed and shared equity investments which are invested at a fixed rate for three years.

Exposure to interest rate risk

As at the reporting date the exposure to interest rate risk and the effective weighted average interest rate by maturity is as follows:

30 June 2018	Weighted Average Interest Effective Rate (% pa)	Floating Interest Rate \$	1 year or less \$	1 to 5 years \$	More than 5 years \$	Non- Interest bearing \$	Total \$
Assets							
Cash and cash equivalents	1.65	215,357	-	-	-	-	215,357
Receivables	-	-	-	-	-	306,250	306,250
Financial assets	3.46	-	461,138	870,811	-	-	1,331,949
Shared equity	-	-	-	-	-	355,606	355,606
Total financial assets		215,357	461,138	870,811	-	661,856	2,209,162
Liabilities							
Trade and other payables	-	-	-	-	-	95,398	95,398
Distribution payable	-	-	-	-	-	50,850	50,850
Debt funding	4.06	-	91,328	-	-	-	91,328
Total financial liabilities		-	91,328	-	-	146,248	237,576

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

18. Financial risk management (continued)

Financial risk management policies (continued)

c) Market risk (continued)

30 June 2017	Weighted Average Interest Effective Rate (% pa)	Floating Interest Rate \$	1 year or less \$	1 to 5 years \$	More than 5 years \$	Non- Interest bearing \$	Total \$
Assets							
Cash and cash equivalents	0.95	8,793	-	-	-	-	8,793
Receivables	-	-	-	-	-	269,287	269,287
Financial assets	3.99	-	654,634	747,533	-	-	1,402,167
Shared equity	-	-	-	-	-	400,122	400,122
Total financial assets		8,793	654,634	747,533	-	669,409	2,080,369
Liabilities							
Trade and other payables	-	-	-	-	-	97,977	97,977
Distribution payable	-	-	-	-	-	34,500	34,500
Debt funding	4.06	-	91,328	-	-	-	91,328
Total financial liabilities		-	91,328	-	-	132,477	223,805

The Responsible Entity also manages the Scheme's interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

As the Scheme does not hold any equity investment or assets and liabilities in foreign currencies, the Scheme does not consider that it has exposure to equity price risk or currency risk.

d) Fair values

Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties to an arm's length transaction. Due to the short-term nature of settlement, the carrying amounts of trade receivables, trade and other payables, and distributions payable approximate their fair values as presented in the Consolidated Statement of Financial Position.

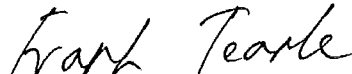
Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2 (a) to the consolidated financial statements; and
- (c) in the directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the consolidated financial position and performance of the Scheme.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 295(4) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

28 September 2018

Independent Auditor's Report to the Unitholders of Storehouse Residential Trust

Opinion

We have audited the financial report of Storehouse Residential Trust and its Controlled Entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Directors for the Financial Report

The directors of One Managed Investment Funds Limited as the Responsible Entity of the Group 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 of the Responsible Entity are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance'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 Group'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 Group 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 the audit.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

John Haydon

JOHN HAYDON

Senior Partner

Dated at Sydney this 28 day of September 2018