

Stockland Direct Retail Trust No. 1
and its controlled entities

ARSN: 121 832 086

Financial Report
For the period 1 July 2020 to 29 March 2021

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Directors' report

The Directors of Stockland Capital Partners Limited ("SCPL"), the Responsible Entity ("RE") of Stockland Direct Retail Trust No. 1 ("the Trust"), present their report together with the consolidated financial report made in accordance with a resolution of the Directors with respect to the results of the Trust and its controlled entities ("the Consolidated Entity") for the period 1 July 2020 to 29 March 2021 ("the period"), the state of the Consolidated Entity's affairs as at 29 March 2021 and the Independent Auditor's Report thereon.

SCPL was appointed as the RE when the Trust commenced on 26 April 2006. On 4 October 2006, the Trust was registered as a Managed Investment Scheme with the Australian Securities and Investments Commission ("ASIC").

DIRECTORS

The Directors of SCPL at any time during or since the end of the period ended 29 March 2021 ("the Directors") are:

Mr Barry Neil

Chairman (Non-Executive), BE (Civil)

Barry Neil was appointed as Chair and Director of the Company on 19 October 2010.

Mr Neil has over 40 years' experience in all aspects of property development, both in Australia and overseas. Mr Neil's executive career included senior property and investment roles at both Mirvac and Woolworths Limited and has included the acquisition, development and operation of landmark developments in multiple asset classes.

Mr Neil is Chairman of Keneco Pty Limited and Bitumen Importers Australia Pty Limited and a Director of Terrace Tower Group Pty Ltd.

Mr Neil is also a Director of Stockland Corporation Limited and Stockland Trust Management Limited and a member of the Stockland Audit Committee and Sustainability Committee.

Mr Mark Steinert

Managing Director (Executive), BAppSc, G Dip App Fin & Inv (Sec Inst), F Fin, AAPI

Mark Steinert was appointed as a Director of the Company on 29 January 2013. Mr Steinert was also appointed to the Board on 29 January 2013.

Mr Steinert has over 27 years' experience in property and financial services including eight years in direct property primarily with Jones Lang LaSalle and 10 years in listed real estate with UBS where he held numerous senior roles including Head of Australasian Equities, Global Head of Research and Global Head of Product Development and Management for Global Asset Management, a \$559 billion Global Fund Manager.

Mr Steinert is a past President and current Director of the Property Council of Australia and a member of the Property Council of Australia's Champions of Change Coalition and a former Director of the Green Building Council of Australia.

Mr Steinert is a member of the Sustainability Committee and a Director of Stockland Corporation Limited and Stockland Trust Management Limited. Mr Steinert is also a Director of the Stockland CARE Foundation Board.

Mr Stephen Newton

Director (Non-Executive), BA (Ec and Acc), MCom, MICAA, MAICD

Stephen Newton was appointed as a Director of the Company on 18 December 2017.

Mr Newton has extensive experience across real estate investment, development and management, and infrastructure investment and management. Mr Newton is a Principal of Arcadia Funds Management Limited, a real estate investment management and capital advisory business and, prior to this, he was the Chief Executive Officer – Asia/Pacific for the real estate investment management arm of Lend Lease.

Mr Newton is currently a Director of BAI Communications Group, Waypoint REIT Group (formerly Viva Energy REIT Group) and Sydney Catholic Schools Limited, and Chairman of the Finance Council for the Catholic Archdiocese of Sydney.

Mr Newton was appointed a Director of Stockland Corporation Limited and Stockland Trust Management Limited on 20 June 2016, and as Chair of the Stockland Audit Committee and a member of the Stockland Risk Committee and Sustainability Committee on 26 October 2016.

Mr Terry Williamson

Director (Non-Executive Independent), BEc, MBA, FCA, FCPA, FGIA, MACS, MIIA, FAICD

Terry Williamson was appointed as a Director of the Company, the Responsible Entity for Stockland's unlisted funds, on 9 April 2018. He is also a member of the SCPL Audit and Risk Committee.

Mr Williamson was a Director of Stockland Corporation Limited and Stockland Trust Management Limited from April 2003 to October 2015.

Mr Williamson is currently a Director of United Malt Group and Apollo Care Operations Pty Limited and Apollo Care Pty Limited. Mr Williamson is also a member of the Building and Estates Committee, a sub-committee of the Senate of the University of Sydney. Mr Williamson was previously the Chief Financial Officer of Bankers Trust Australia Limited/BT Financial Group Pty Limited from 1997 to 2002 and prior to that was a partner of Price Waterhouse (now PricewaterhouseCoopers) for 17 years. Mr Williamson was former Chair of the Stockland Audit Committee, Stockland Financial Services Compliance Committee and Stockland Capital Partners Financial Services Compliance Committee, and a former member of the Stockland Sustainability Committee.

COMPANY SECRETARY

The Company Secretary of SCPL at any time during or since the period ended 29 March 2021 is Ms Katherine Grace. Ms Grace was appointed on 16 September 2014.

Ms Katherine Grace

Company Secretary, BA (Hons), LLB (Hons 1st Class), MPP, MAICD

Katherine Grace was appointed as Company Secretary of the Company on 16 September 2014.

Ms Grace has practised as a solicitor for over 15 years with extensive experience in corporate, property and debt and capital markets transactions working with a wide range of stakeholders including listed board directors, equity investors, regulators, media and financiers.

Prior to joining Stockland, Ms Grace held the roles of General Counsel and Company Secretary for Westfield Retail Trust and Valad Property Group.

In addition to her role as Company Secretary, Ms Grace is Stockland's General Counsel and has responsibility for Stockland's legal and risk functions.

STOCKLAND CAPITAL PARTNERS LIMITED AUDIT AND RISK COMMITTEE

The Audit and Risk Committee assists the Board in fulfilling its governance and disclosure responsibilities in relation to financial reporting, internal controls, risk management systems and internal and external audits.

The Stockland Capital Partners Audit and Risk Committee is responsible for:

- the integrity of its financial reports and external audit;
- the appropriateness of its accounting policies and processes;
- the effectiveness of its financial reporting controls and procedures;
- the effectiveness of its internal control environment;
- the management of financial and non-financial risks;
- compliance with SCPL's Australian Financial Services Licences and Compliance Plans;
- compliance with relevant laws and regulations including any prudential supervision procedures; and
- the assessment of the impact of non-financial risks and the key risk register for SCPL and the funds that it manages.

The charter of the Committee was updated in August 2018 to rename the Committee as "Audit and Risk Committee" so as to reflect the consideration of audit and risk issues. At least twice a year the Committee meets with the external auditor, and at least once a year the internal auditor, in the absence of management. The Committee has unrestricted access to executive management, all employees and all of Stockland's records, tax and financial advisers, legal advisers, and internal and external auditors. The Committee has the power to conduct or authorise investigations into, or consult independent specialists on, any matters within the Committee's scope of responsibility. The Committee has written terms of reference which incorporates best practice. Its members must be independent of management and at least one member of the Committee must have relevant accounting qualifications and experience and all members should have a good understanding of financial reporting.

The members of the Committee at any time during the period are:

Mr S Newton (Chair) – Non-Executive Director (appointed 26 October 2016)

Mr T Williamson – Non-Executive Director (appointed 9 April 2018)

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors ("the Board") and of the Audit and Risk Committees and the number of meetings attended by each of the Directors during the period were:

Director	Scheduled Board		Audit and Risk Committee	
	A	B	A	B
Mr B Neil	5	5	-	-
Mr S Newton	5	5	4	4
Mr M Steinert	5	5	-	-
Mr T Williamson	5	5	4	4

A – Meetings attended / B – Meeting eligible to attend

PRINCIPAL ACTIVITY

The principal activity of the Consolidated Entity is to finalise the Trust's liquidation process following the sale of all the Trust's properties during the year ended 30 June 2020. Management commenced wind-up proceedings following the expiry of the warranty period provided in connection with the sale of Benowa Gardens on 21 December 2020, without any claims being made. The Trust will be wound-up in accordance with the relevant provisions of Part 5C.9 of the Corporations Act 2001 (Cth), as soon as practicable after the signing of this financial report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At a meeting of unitholders held on 8 March 2019, a special resolution was passed to terminate and wind-up the Trust and sell all of the properties or interests in the properties of the Trust.

As a result, it has been determined that, in accordance with the Australian Accounting Standards, the going concern basis of preparation of the financial statements is no longer appropriate and the financial statements for the period ended 29 March 2021 have therefore been prepared on a liquidation basis. The annual report for the year ended 30 June 2020 and the interim report were also prepared on a liquidation basis.

As a result of the special resolution, all the properties were sold and the Trust terminated during the year ended 30 June 2020. The Trust will no longer derive any income following the disposal of its properties. Following the final redemption of units on 19 March 2021, the Trust will be wound-up in accordance with the relevant provisions of Part 5C.9 of the Corporations Act 2001 (Cth), as soon as practicable after the signing of this financial report.

REVIEW AND RESULTS OF OPERATIONS

The Consolidated Entity recorded a loss of \$155,650 for the period ended 29 March 2021 (30 June 2020: profit of \$2,612,592).

The Consolidated Entity declared distributions totalling \$770,249 (30 June 2020: \$39,311,197) to the unitholders during the period ended 29 March 2021.

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Responsible Entity believes that the Consolidated Entity has adequate systems in place for the management of its environmental responsibilities and is not aware of any breach of environmental requirements as they may apply to the Consolidated Entity.

RELATED PARTIES

Interests of the Responsible Entity

Stockland Capital Partners Limited as the Responsible Entity has not held any units in the Consolidated Entity either directly or indirectly during the period (30 June 2020: nil).

The remaining 1% of unitholders' units in the Trust were redeemed and cancelled at a gross redemption price of 247.25 cents per unit (\$979,082) on 19 March 2021. Accordingly, Stockland Trust Management Limited as Responsible Entity of Stockland Trust, held no units in the Consolidated Entity as at 29 March 2021 (30 June 2020: 78,775).

Responsible Entity's remuneration

The Responsible Entity charged a responsible entity fee of 0.46% p.a. (inclusive of GST net of reduced input tax credits) of the gross assets of the Consolidated Entity, calculated monthly. The Responsible Entity is entitled to recover all fees deferred either from Consolidated Entity earnings or on the winding up of the Consolidated Entity. The Responsible Entity charges are set out in Note 14.

Directors' interests

No directors of the Responsible Entity held any units in the Consolidated Entity at the date of this report.

EVENTS SUBSEQUENT TO THE END OF THE PERIOD

In accordance with the special resolution approved by unitholders on 8 March 2019, as all the properties have been sold, the Trust will be wound-up in accordance with the relevant provisions of Part 5C.9 of the Corporations Act 2001 (Cth), as soon as practicable after the signing of this financial report.

INDEMNITIES AND INSURANCE OF OFFICERS AND AUDITOR

Indemnification

Under the Trust Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Consolidated Entity's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Consolidated Entity.

The Consolidated Entity has not indemnified or made a relevant agreement for indemnifying against a liability in respect of any person who is the auditor of the Consolidated Entity.

Insurance premiums

During the period, the Responsible Entity paid insurance premiums in respect of Directors' and Officers' liability insurance contracts. Such insurance contracts insure against certain liabilities (subject to specified exclusions) for persons who are or had been Directors and officers of the Responsible Entity.

In addition, the Responsible Entity paid insurance premiums for professional indemnity insurance policies to cover certain risks for the Directors. Details of the premiums paid are included in Note 14.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of the Directors' report for the period ended 29 March 2021.

Signed in accordance with a resolution of the Directors:



Mark Steinert
Director

Dated at Sydney, 29 March 2021



Auditor's Independence Declaration

As lead auditor for the audit of Stockland Direct Retail Trust No. 1 for the period 1 July 2020 to 29 March 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Stockland Direct Retail Trust No. 1 and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'JDP Wills'.

JDP Wills
Partner
PricewaterhouseCoopers

Sydney
29 March 2021

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated statement of comprehensive income

Period ended

\$	Notes	29 March 2021	30 June 2020
Rent from investment properties	5	-	3,955,757
Interest income		-	6,459
Revenue and other income		-	3,962,216
Investment property expenses		-	(1,321,903)
Finance costs		-	(633,143)
Responsible Entity fees	14	(6,160)	(184,243)
Auditor's remuneration	4	(23,029)	(65,887)
Provision for transaction and Trust's wind up costs	9	-	(39,811)
Manager expenses	14	(62,520)	(83,380)
Taxation fees		(32,202)	(31,265)
Other expenses		(31,739)	(50,002)
Expenses		(155,650)	(2,409,634)
Net change in fair value of investment properties		-	1,060,010
(Loss)/profit for the period		(155,650)	2,612,592
Items that are or may be reclassified to profit or loss, net of tax			
Effective portion of changes in fair value of cash flow hedges		-	241,000
Other comprehensive income for the period		-	241,000
Total comprehensive (loss)/income for the period		(155,650)	2,853,592

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at
\$

	Notes	29 March 2021	30 June 2020
Cash and cash equivalents	6	-	2,613,556
Receivables	7	-	239,464
Assets		-	2,853,020
Payables	8	-	892,104
Provisions	9	-	55,935
Liabilities		-	948,039
Net assets		-	1,904,981
Issued capital	10	-	1,904,981
Unitholders' funds		-	1,904,981

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

\$	Notes	Attributable to unitholders of the Trust			
		Issued capital	Reserves	Undistributed profit	Total
Balance at 1 July 2019		26,114,000	(241,000)	12,865,786	38,738,786
Profit for the period		-	-	2,612,592	2,612,592
Other comprehensive income		-	241,000	-	241,000
Total comprehensive income for the period		-	241,000	2,612,592	2,853,592
<i>Transactions with owners in their capacity as owners</i>					
Distributions paid/payable	11	(23,832,819)	-	(15,478,378)	(39,311,197)
Redemption of units		(376,200)	-	-	(376,200)
Balance at 30 June 2020		1,904,981	-	-	1,904,981
Balance at 1 July 2020		1,904,981	-	-	1,904,981
Loss for the period		(155,650)	-	-	(155,650)
Total comprehensive income for the period		(155,650)	-	-	(155,650)
<i>Transactions with owners in their capacity as owners</i>					
Distributions paid/payable	11	(770,249)	-	-	(770,249)
Redemption of units		(979,082)	-	-	(979,082)
Balance at 29 March 2021		-	-	-	-

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

Consolidated statement of cash flows

Period ended

\$	Notes	29 March 2021	30 June 2020
Cash receipts in the course of operations (including GST)		226,853	4,466,750
Cash payments in the course of operations (including GST)		(1,091,078)	(3,885,644)
Interest received		-	6,459
Interest and borrowing costs paid		-	(610,585)
Net cash flows from operating activities	12	(864,225)	(23,020)
Proceeds from disposal of investment properties		-	84,523,991
Payments for investment properties		-	(271,112)
Net cash flows from investing activities		-	84,252,879
Borrowings		-	(42,600,000)
Units redemption/cancellation	10	(979,082)	(376,200)
Distribution paid to unitholders	11	(770,249)	(39,979,903)
Net cash flows from financing activities		(1,749,331)	(82,956,103)
Net movement in cash and cash equivalents		(2,613,556)	1,273,756
Cash and cash equivalents at the beginning of the period		2,613,556	1,339,800
Cash and cash equivalents at the end of the period	6	-	2,613,556

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Stockland Direct Retail Trust No. 1 ("the Trust") is a Managed Investment Scheme formed and domiciled in Australia.

These financial statements are consolidated financial statements for the Trust and its controlled entities ("the Consolidated Entity").

These financial statements were authorised for issue by the Directors of Stockland Capital Partners Limited ("SCPL"), the Responsible Entity ("RE") for the Trust, on 29 March 2021.

A. Basis of preparation

These financial statements have been prepared in accordance with Australian Accounting Standards ("AASB") and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Trust is a for-profit unit trust for the purpose of preparing these financial statements.

I. GOING CONCERN AND LIQUIDATION BASIS

At a meeting of unitholders held on 8 March 2019, a special resolution was passed to terminate and wind-up the Trust and sell all of the properties or interests in the properties of the Trust. As a result of the special resolution, all the properties in the Trust were disposed of during the year ended 30 June 2020 and therefore, in accordance with Australian Accounting Standards, the going concern basis of preparation of the financial statements was no longer appropriate and the financial statements for the period 1 July 2020 to 29 March 2021 ("the period") have been prepared on a liquidation basis.

Under the liquidation basis of accounting all assets and liabilities are measured at liquidation value, which represent their net realisable value. With reference to the assets of the Trust, net realisable value approximates the current carrying amount of the assets measured under the relevant Accounting Standards adjusted for estimated disposal and wind-up costs. The liquidation value of the liabilities recognised represents their estimated settlement amount. Any gains or losses resulting from measuring assets and liabilities to the liquidation value are recognised in profit or loss.

Under the liquidation basis of accounting, all the assets and liabilities are arranged in order of liquidity and expected costs arising from the liquidation process have been recorded in the results of the Trust

II. TERMINATION AND WIND-UP OF THE TRUST

Management commenced wind-up proceedings following the expiry of the warranty period provided in connection with the sale of Benowa Gardens on 21 December 2020, without any claims being made. The Trust will be wound-up in accordance with the relevant provisions of Part 5C.9 of the *Corporations Act 2001* (Cth), as soon as practicable after the signing of this financial report.

The Directors confirm that all liabilities have been settled as at the date of the financial report. The Directors also confirm all assets have been recovered and distributed as at 29 March 2021.

III. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Comparative figures have been restated where appropriate to ensure consistency of presentation throughout the financial report.

IV. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

There are no new or amended accounting standards and interpretations commencing 1 July 2020 that the Trust was required to adopt.

B. Principles of consolidation

These consolidated financial statements incorporate the assets, liabilities and results of all controlled entities.

Controlled entities are all entities over which the Trust has control. The Trust controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between controlled entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

C. Revenue recognition

RENT FROM INVESTMENT PROPERTIES

Rent from investment properties includes lease revenue and outgoings recoveries associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements.

Lease revenue is recognised on a straight-line basis over the lease term, net of any incentives.

Revenue related to outgoings recoveries is recognised over time as the estimated costs are consumed by the tenants. Should any adjustment be required based on actual costs incurred, this is recognised in the balance sheet within the same reporting period and billed annually.

INTEREST INCOME

Interest income is recognised as it accrues using the effective interest method.

D. Income tax

Under current Australian income tax legislation, the Trust and the Consolidated Entity are not liable for income tax provided that the taxable income (including any assessable component of any capital gains from the sale of investment assets) is fully distributed to unitholders each year. Tax allowances for building, plant and equipment depreciation are distributed to unitholders in the form of tax preferred components of distributions.

E. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and at call deposits. Bank overdrafts that are repayable on demand and form part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

F. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance under the expected credit loss model.

No adjustment was recognised on the change to liquidation basis of preparation as the net realisable value approximates the amortised costs.

G. Trade and other payables

Trade and other payables are stated at amortised cost.

No adjustment was recognised on the change to liquidation basis of preparation as the net realisable value approximates the carrying value.

H. Provisions

A provision is recognised when a present legal or constructive obligation exists as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, provisions are determined by discounting the expected future cash flows at the rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

PERFORMANCE FEE

The performance fee is recognised in profit or loss on an accruals basis. The performance fee is calculated in accordance with the Product Disclosure Statement ("PDS") and Constitution based on the value of the Consolidated Entity's property interest at the current balance date, discounted to reflect the projected life of the Consolidated Entity and inherent market risks. At 29 March 2021 no performance fee was recognised.

I. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

J. Unitholders' funds

Units within the Trust have been classified as equity as the units are redeemable on liquidation. The Responsible Entity determines the level of distributions on a discretionary basis. Unitholders are entitled to a pro-rata share of the entity's net

assets on winding up. There were no units on issue as at 29 March 2021 following the final redemption and cancellation of the remaining 1% of unitholders' units on 19 March 2021.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

A. Key sources of estimation uncertainty

The Trust disposed all the properties in the prior year and is in the process of being wound up. As at 29 March 2021 there are no sources of significant estimation uncertainty.

3. OPERATING SEGMENTS

The Consolidated Entity and the Trust operate solely in the business of property investment management in Australia, this being its one operating segment.

4. AUDITOR'S REMUNERATION

\$	29 March 2021	30 June 2020
PwC Australia		
Audit and review of the Financial Report	20,900 ¹	49,115
Compliance audit services	12,579	16,772
Auditor's remuneration	33,479	65,887

¹ includes \$10,450 utilised from the provision for transaction and Trust's wind up costs.

5. RENT FROM INVESTMENT PROPERTIES

\$	29 March 2021	30 June 2020
Lease revenue	-	3,314,523
Outgoings recoveries ¹	-	641,234
Rent from investment properties	-	3,955,757

¹ Revenue related to outgoings recoveries is recognised under AASB 15 over time in the accounting period in which the performance obligations are met.

The Trust did not derive any rental income following the disposal of its properties during the year ended 30 June 2020.

6. CASH AND CASH EQUIVALENTS

\$	29 March 2021	30 June 2020
Cash at bank and on hand	-	2,613,556
Cash and cash equivalents	-	2,613,556

7. RECEIVABLES

\$	29 March 2021	30 June 2020
Trade debtors	-	23,083
Allowance for expected credit loss	-	(23,017)
Other receivables	-	239,398
Receivables	-	239,464

8. PAYABLES

\$	29 March 2021	30 June 2020
Trade payables and accruals	-	504,508 ¹
Amounts due to the RE	-	98,770
GST payable	-	288,826
Payables	-	892,104

¹ Includes \$404,337 transaction costs incurred by the RE and services performed by the RE in relation to the wind-up of the Trust.

9. PROVISIONS

\$	29 March 2021	30 June 2020
Opening balance	55,935	1,317,000
Provision for transaction and Trust's wind-up costs created during the period	45,750 ¹	39,811
Provision utilised	(101,685)	(1,300,876)
Closing balance	-	55,935

¹ Includes \$22,140 being amounts due to the RE for Responsible Entity fees and manager expenses.

10. UNITS ON ISSUE

	29 March 2021		30 June 2020	
	No. of units	\$	No. of units	\$
Units on issue	-	-	395,995	1,904,981

Date	Details	No. of units	\$
Movement in units			
1 July 2020	Opening balance	395,995	1,904,981
31 October 2020	Return of capital ¹	-	(770,249)
19 March 2021	Redemption and cancellation ²	(395,995)	(979,082)
29 March 2021	Loss for the period	-	(155,650)
29 March 2021	Closing balance	-	-

Each unit ranks equally with all other units for the purpose of distributions and on termination of the Trust.

¹ Return of capital of 194.51 cents per unit.

² Remaining 1% of unitholders' units were redeemed and cancelled at a gross redemption price of 247.25 cents per unit on 19 March 2021.

11. DISTRIBUTIONS TO UNITHOLDERS

	Cents per unit (¢)	Amount (\$)	Date of payment	Tax deferred
30 September 2020	1.9451	770,249	31 October 2020	0%
Period ended 29 March 2021		770,249		
26 August 2019	17.8207	7,056,997	26 August 2019	48.65%
30 September 2019	1.3100	518,760	31 October 2019	48.65%
31 December 2019	1.1400	451,440	28 February 2020	48.65%
25 May 2020	79.00	31,284,000	25 May 2020	48.65%
Year ended 30 June 2020		39,311,197		

12. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

\$	29 March 2021	30 June 2020
(Loss)/profit for the period	(155,650)	2,612,592
Amortisation of borrowing costs	-	59,932
Net gain from fair value adjustment of investment properties	-	(1,060,010)
Other items ¹	-	482,548
Straight line rent	-	(24,190)
	(155,650)	2,070,872
Adjustment for movements in:		
- Receivables and other assets ²	239,464	518,451
- Payables and other liabilities	(948,039)	(2,612,343)
Net cash flows from operating activities	(864,225)	(23,020)

¹ Other items related to settlement adjustments on disposal of investment properties.

² The movement in receivables and other assets does not include the release of fit-out contributions and lease incentives on disposal of investment properties, as these movements are non-cash in nature.

13. FINANCIAL INSTRUMENTS

A. Fair value of financial assets and financial liabilities

There are no financial assets or financial liabilities recognised on the Balance Sheet as at 29 March 2021.

B. Fair value hierarchy

The fair value hierarchy requires the Consolidated Entity to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements.

As the Trust no longer holds any financial instruments at fair value, the hierarchy disclosure is not required.

14. RELATED PARTIES

SCPL is the RE of the Trust and Trustee for the Controlled Entity. The Key Management Personnel of the Consolidated Entity have been defined as the RE. The RE does not hold any units in the Consolidated Entity. All fees and charges from the RE and its related parties are in accordance with the Product Disclosure Statements ("PDS") and the Trust's Constitution.

Period ended	29 March	30 June
\$	2021	2020
Responsible Entity fees	6,160	184,243

The Responsible Entity charged Responsible Entity fees calculated at 0.46% p.a. (inclusive of GST net of reduced input tax credits) of the gross assets of the Consolidated Entity and Trust.

Total fees included in Current Liabilities – Payables as at 29 March 2021 is \$nil (30 June 2020: \$15,410).

Performance fee

The Responsible Entity may be entitled to charge a performance fee in accordance with section 7 of the PDS and the Trust Constitution, subject to achieving certain performance targets and unitholders receiving at least the return of their subscribed equity. The Responsible Entity also agreed to the following in respect of any performance fee:

1. Payment of any performance fee would be deferred until all properties have sold;
2. The performance fee shall be calculated taking into account the aggregate, rather than individual, performance of the properties. In other words, the calculation will take into account the net effect of both underperformance and outperformance of the properties; and
3. The total amount of any performance fee payable will be reduced by 25 per cent.

At 29 March 2021 no performance fee is recognised (30 June 2020: \$nil).

Manager expenses	62,520	83,360
Other recoverable expenses including accounting, taxation and compliance service fees charged by the RE.		
Total manager expenses included in trade and other payables at 29 March 2021 is \$nil (2020: \$83,360).		
RE fees and other related party transactions recognised in profit or loss	68,680	267,603

Other related party transactions

PROPERTY MANAGEMENT FEE

Stockland Property Management Pty Limited, a related party of the Trust was appointed as the property manager to undertake the ongoing property management and leasing of the properties.

Following the disposal of all of the Trust's properties in the previous financial year, no fee (30 June 2020: \$180,349) was charged by the property manager during the period. In addition, the Trust has not reimbursed staff costs incurred by the property manager in accordance with the property management agreement (30 June 2020: \$222,830).

Outstanding property management fees and cost reimbursement included in trade and other payables as at 29 March 2021 is \$nil (30 June 2020: \$19,176).

INSURANCE PREMIUMS

During the period, the Trust has not incurred any insurance premiums (30 June 2020: \$29,984) with Stockland Singapore Pte Ltd, an insurance company, which is a related party of the Trust.

There are no outstanding insurance premiums included in trade and other payables at 29 March 2021 (30 June 2020: \$nil).

TENANCY DESIGN AND DELIVERY FEES

During the period, the Trust has not incurred any Tenancy Design Fees (30 June 2020: \$52,849) to Stockland Development Pty Limited, a related party of the Trust.

Total tenancy design fees included in trade and other payables as at 29 March 2021 is \$nil (30 June 2020: \$nil)

UNITS HELD BY STOCKLAND TRUST MANAGEMENT LIMITED

The remaining 1% of unitholders' units in the Trust were redeemed and cancelled at a gross redemption price of 247.25 cents per unit (\$979,082) on 19 March 2021. Accordingly, Stockland Trust Management Limited as Responsible Entity of Stockland Trust, held no units in the Consolidated Entity as at 29 March 2021 (30 June 2020: 78,775).

FINANCE NEGOTIATION FEE

SCPL as RE of the Trust, negotiated a loan facility with CBA. For this service, \$102,500 (equivalent to 0.25% of the facility limit) was charged to the Trust in 2014 and was paid out of the Trust assets in accordance with the PDS and the Trust's Constitution.

This was recognised as part of borrowings transaction costs and was amortised over the life of the facility through finance costs in profit or loss. No fee was amortised during the period (30 June 2020: \$12,311), this fee was fully amortised during the financial year ended 30 June 2020.

TRANSACTION AND TRUST'S WIND UP COSTS

The RE and its related parties have performed services on behalf of the Trust to facilitate convening the meeting of unitholders held on 8 March 2019, the disposal of the Trust's properties and the termination and winding-up of the Trust. Services provided included the convening of the meeting of unitholders, the engagement of agents, due diligence management, legal and contract negotiation expertise.

The total transaction costs and the Trust's wind up costs for services performed by the RE included in provisions as at 29 March 2021 is \$nil (30 June 2020: \$24,585).

Total transaction costs and the Trust's wind up costs for services performed and invoiced by the RE included in Current Liabilities - Payables as at 29 March 2021 is \$nil (30 June 2020: \$404,337).

15. CONTROLLED ENTITIES

The following entities were 100% controlled by the parent entity during the current and previous financial years:

Controlled entities of Stockland Direct Retail Trust No. 1

SDRT 1 Property 1 Trust - wound up on 3 March 2021

SDRT 1 Property 2 Trust - wound up on 3 March 2021

SDRT 1 Property 4 Trust - wound up on 3 March 2021

Stockland Holding Trust No.1 - wound up on 30 June 2020

16. COMMITMENTS

As at 29 March 2021, the Consolidated Entity had no commitments (30 June 2020: \$nil).

17. CONTINGENT LIABILITIES

As at 29 March 2021, the Consolidated Entity has no contingent liabilities (30 June 2020: \$1,572,250). The warranties provided in connection with the sale of Pacific Pines and Benowa Gardens expired on 18 August 2020 and 21 December 2020 respectively, without any claims being made.

18. PARENT ENTITY

As at and throughout the period ended 29 March 2021, the parent entity of the Consolidated Entity was Stockland Direct Retail Trust No.1.

The individual financial statements for the parent entity show the following aggregate amounts:

\$	29 March 2021	30 June 2020
Results of the parent entity for the period		
(Loss)/profit for the period	(139,749)	29,450,621
Total comprehensive (loss)/income for the period	(139,749)	29,450,621
Financial position of the parent entity at the end of the period		
Current assets	-	10,240,918
Assets	-	10,240,918
Current liabilities	-	5,137,290
Liabilities	-	5,137,290
Net assets	-	5,103,628
Units on issue	-	1,874,840
Undistributed gain	-	3,228,788
Unitholders' funds attributable to owners of the Trust	-	5,103,628

PARENT ENTITY CONTINGENCIES

There were no contingencies with the parent entity as at 29 March 2021 (30 June 2020: \$nil).

PARENT ENTITY CAPITAL COMMITMENTS

The parent entity had not entered into any capital commitments as at 29 March 2021 (30 June 2020: \$nil).

PARENT ENTITY GUARANTEES IN RESPECT OF DEBTS OF ITS SUBSIDIARIES

The parent entity had not entered into any guarantees in respect of debts of its subsidiaries as at 29 March 2021 (30 June 2020: \$nil).

19. EVENTS OCCURING AFTER THE REPORTING PERIOD

In accordance with the special resolution approved by unitholders on 8 March 2019, as all the properties have been sold, the Trust will be wound-up in accordance with the relevant provisions of Part 5C.9 of the Corporations Act 2001 (Cth), as soon as practicable after the signing of this financial report.

Directors' declaration

In the opinion of the Directors of Stockland Capital Partners Limited, the Responsible Entity for Stockland Direct Retail Trust No. 1 and its controlled entities:

1. the financial statements and notes, set out on pages 6 to 17, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Trust's and Consolidated Entity's financial position as at 29 March 2021 and of their performance for the period 1 July 2020 to 29 March 2021; and
 - (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(A);
3. the Trust has operated during the period 1 July 2020 to 29 March 2021 in accordance with the provisions of the Trust Constitution as amended dated 26 August 2006;
4. the Register of unitholders has, during the period 1 July 2020 to 29 March 2021, been properly drawn and maintained so as to give a true account of the unitholders of the Trust; and
5. As disclosed in note 1(A) to the financial statements, the trust will be wound-up in accordance with the relevant provisions of Part 5C.9 of the Corporations Act 2001 (Cth), as soon as practicable after the signing of this financial report.

Without qualifying the above conclusion, the Directors draw attention to the basis of preparation of the financial statement set out in Note 1(A).

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to Section 295 (5) of the *Corporations Act 2001*:



Mark Steinert

Director

Dated at Sydney, 29 March 2021



Independent auditor's report

To Stockland Capital Partners Limited, the Responsible Entity of Stockland Direct Retail Trust No. 1

Our opinion

In our opinion:

The accompanying financial report of Stockland Direct Retail Trust No. 1 (the Trust) and its controlled entities (together the Consolidated Entity) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 29 March 2021 and of its financial performance for the period 1 July 2020 to 29 March 2021
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Consolidated Entity financial report comprises:

- the consolidated balance sheet as at 29 March 2021
- the consolidated statement of comprehensive income for the period 1 July 2020 to 29 March 2021
- the consolidated statement of changes in equity for the period 1 July 2020 to 29 March 2021
- the consolidated statement of cash flows for the period 1 July 2020 to 29 March 2021
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

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Emphasis of matter - going concern no longer appropriate

We draw attention to Note 1 in the financial report, which indicates that a special resolution was passed to terminate and wind up the Trust. As a result, the financial report has been prepared on a liquidation basis and not on a going concern basis. Our opinion is not modified in respect of this matter.

Other information

The directors of Stockland Capital Partners Limited (the Responsible Entity) are responsible for the other information. The other information comprises the information included in the annual report for the period 1 July 2020 to 29 March 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity 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 Consolidated Entity 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 Consolidated Entity 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 the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

JDP Wills

Partner

Sydney
29 March 2021