

Premium Asia Property Fund

ARSN 129 428 682

Special purpose financial report

For the period 1 July 2020 to 28 June 2021

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Special purpose financial report For the period 1 July 2020 to 28 June 2021

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This special purpose financial report covers Premium Asia Property Fund as an individual entity.

The Responsible Entity of Premium Asia Property Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street,
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of Premium Asia Property Fund (the "Fund"), present their report together with the financial statements of the Fund for the period 1 July 2020 to 28 June 2021.

Principal activities

Until its termination on 28 June 2021, the Fund invested in the securities of Asian property or property-related companies across a range of market capitalisations with exposure to any, some, or all of the following: Hong Kong, Mainland China, Taiwan, Macau, Malaysia, Philippines, Singapore, Republic of Korea, Thailand and Indonesia in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

In addition to direct investment in the securities of Asian property or property-related companies, the Fund may also have invested in listed equities (including depositary receipts), listed China A shares, listed unit trusts, shares in mutual fund corporations and other collective investment schemes (including real estate investment trusts), derivatives including both exchange-traded and over-the-counter ("OTC"), convertible securities, participatory notes, bonds, cash and cash equivalents, and foreign exchange contracts.

During this period, all assets of the Fund were liquidated and returned to unit holders.

The Fund did not have any employees during the period.

There were no significant changes in the nature of the Fund's activities during the period.

The various service providers for the Fund are detailed below:

| Service | Provider |
|-----------------------------|--|
| Responsible Entity | Equity Trustees Limited |
| Investment Manager | Value Partners Hong Kong Limited |
| Fund Manager | Premium Asia Property Funds Management Pty Ltd |
| Administrator and Custodian | Link Fund Solutions Pty Limited |
| Statutory Auditor | Ernst & Young |
| Specialist Currency Manager | Macquarie Investment Management Global Limited |

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the period and up to the date of this report:

Philip D Gentry (Chairman)
Harvey H Kalman (resigned 1 September 2020)
Ian C Westley (resigned 3 July 2020)
Michael J O'Brien
Russell W Beasley (appointed 1 September 2020)

Review and results of operations

This is the final financial statements for the Fund, which has terminated.

During the period prior to its termination, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and with the provisions of the Fund's Constitution.

Review and results of operations (continued)

The performance of the Fund, as represented by the results of its operations, was as follows:

| | For the period 1 July 2020 to 28 June 2021 | Year ended 30 June 2020 |
|---|---|-------------------------------|
| Profit/(loss) before finance costs attributable to unit holders for the period (\$) | (246,938) | (1,039,117) |
| Distributions paid and payable (\$) | 1,687,790 | 548,201 |
| Distributions (cents per unit) | 42.6051 | 9.9114 |

Significant changes in the state of affairs

Ian C Westley resigned as a director of Equity Trustees Limited on 3 July 2020.

Harvey H Kalman resigned as a director of Equity Trustees Limited on 1 September 2020.

Russell W Beasley was appointed as a director of Equity Trustees Limited on 1 September 2020.

The Fund terminated on 28 June 2021 when all unit holders' entitlements were redeemed.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial period 1 July 2020 to 28 June 2021.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 28 June 2021 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Fund; or
- (ii) the results of those operations; or
- (iii) the state of affairs of the Fund.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The Responsible Entity has not, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 6 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest dollar

Amounts in the Directors' report have been rounded to the nearest dollar in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
9 September 2021

Premium Asia Property Fund
Statement of comprehensive income
For the period 1 July 2020 to 28 June 2021

Statement of comprehensive income

| | Note | For the period 1 July 2020 to 28 June 2021 | Year ended 30 June 2020 |
|---|-------------|---|--|
| | | \$ | \$ |
| Investment income | | | |
| Interest income from financial assets at amortised cost | | - | 477 |
| Dividend and distribution income | | 151,419 | 314,108 |
| Net gains/(losses) on financial instruments at fair value through profit or loss | | (276,594) | (553,168) |
| Net foreign exchange gain/(loss) | | (7,918) | (624,029) |
| Expense reimbursement income | | 57,835 | 63,133 |
| Other operating income | | 1,523 | - |
| Total investment income/(loss) | | (73,735) | (799,479) |
| Expenses | | | |
| Management fees | | 90,706 | 157,899 |
| Administration and custody fees | | 24,996 | 31,307 |
| Transaction costs | | 917 | 4,022 |
| Withholding taxes | | 3,687 | 3,560 |
| Remuneration of auditor | 12 | 18,264 | 21,069 |
| Other expenses | | 34,633 | 21,781 |
| Total expenses | | 173,203 | 239,638 |
| Profit/(loss) before finance costs attributable to unit holders for the period | | (246,938) | (1,039,117) |
| Finance costs attributable to unit holders | | | |
| Distributions to unit holders | 7 | (1,687,790) | (548,201) |
| (Increase)/decrease in net assets attributable to unit holders | 6 | 1,934,728 | 1,587,318 |
| Profit/(loss) for the period | | - | - |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period | | - | - |

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

Premium Asia Property Fund
Statement of financial position
As at 28 June 2021

Statement of financial position

| | | As at | |
|--|------|-----------------------|-----------------------|
| | Note | 28 June 2021 \$ | 30 June 2020 \$ |
| Assets | | | |
| Cash and cash equivalents | 8 | - | 579,626 |
| Receivables | 10 | - | 93,383 |
| Due from brokers - receivable for securities sold | | - | 4,795 |
| Financial assets at fair value through profit or loss | 3 | - | 5,690,817 |
| Total assets | | - | <u>6,368,621</u> |
| Liabilities | | | |
| Distributions payable | 7 | - | 520,972 |
| Payables | 11 | - | 48,634 |
| Due to brokers - payable for securities purchased | | - | 163,000 |
| Financial liabilities at fair value through profit or loss | 4 | - | 131,796 |
| Total liabilities (excluding net assets attributable to unit holders) | | - | <u>864,402</u> |
| Net assets attributable to unit holders - liability | 6 | - | <u>5,504,219</u> |

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

Premium Asia Property Fund
Statement of changes in equity
For the period 1 July 2020 to 28 June 2021

Statement of changes in equity

| | For the period 1 July 2020 to 28 June 2021 \$ | Year ended 30 June 2020 \$ |
|--|--|---|
| Total equity at the beginning of the period | - | - |
| Profit/(loss) for the period | - | - |
| Other comprehensive income | - | - |
| Total comprehensive income | - | - |
| Transactions with owners in their capacity as owners | - | - |
| Total equity at the end of the period* | - | - |

* Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the period.

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

Premium Asia Property Fund
Statement of cash flows
For the period 1 July 2020 to 28 June 2021

Statement of cash flows

| | Note | For the period 1 July 2020 to 28 June 2021 | Year ended 30 June 2020 |
|---|-------------|---|--|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Proceeds from sale of financial instruments at fair value through profit or loss | | 5,783,384 | 3,212,270 |
| Payments for purchase of financial instruments at fair value through profit or loss | | (713,802) | (1,120,197) |
| Net cash flows from foreign exchange hedging activities | | 54,640 | 418,954 |
| Interest income received from financial assets at amortised cost | | - | 570 |
| Dividends and distributions received | | 220,165 | 329,942 |
| Expense reimbursement fees received | | 71,158 | 58,336 |
| Other income received | | 1,523 | - |
| Management fees paid | | (114,914) | (169,365) |
| Performance fees paid | | - | (8,583) |
| Administration and custody fees paid | | (34,079) | (43,510) |
| Transaction costs paid | | (917) | (4,022) |
| Other expenses paid | | (60,613) | (48,302) |
| Net cash inflow/(outflow) from operating activities | 9(a) | 5,206,545 | 2,626,093 |
| Cash flows from financing activities | | | |
| Proceeds from applications by unit holders | | 147,842 | 216,327 |
| Payments for redemptions by unit holders | | (3,717,333) | (1,382,105) |
| Distributions paid to unit holders | | (2,208,762) | (773,441) |
| Net cash inflow/(outflow) from financing activities | | (5,778,253) | (1,939,219) |
| Net increase/(decrease) in cash and cash equivalents | | (571,708) | 686,874 |
| Cash and cash equivalents at the beginning of the period | | 579,626 | 516,781 |
| Effects of foreign currency exchange rate changes on cash and cash equivalents | | (7,918) | (624,029) |
| Cash and cash equivalents at the end of the period | 8 | - | 579,626 |
| Non-cash operating and financing activities | 9(b) | - | 27,229 |

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

Notes to the financial statements

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Premium Asia Property Fund
Notes to the financial statements
For the period 1 July 2020 to 28 June 2021
(continued)

1 General information

These special purpose financial statements cover Premium Asia Property Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 25 January 2008. The Fund terminated its operations on 28 June 2021 when all assets of the Fund were realised and all units were redeemed out of the Fund.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

Until its termination on 28 June 2021, the Fund invested in the securities of Asian property or property-related companies across a range of market capitalisations with exposure to any, some, or all of the following: Hong Kong, Mainland China, Taiwan, Macau, Malaysia, Philippines, Singapore, Republic of Korea, Thailand and Indonesia in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

In addition to direct investment in the securities of Asian property or property-related companies, the Fund may also have invested in listed equities (including depositary receipts), listed China A shares, listed unit trusts, shares in mutual fund corporations and other collective investment schemes (including real estate investment trusts), derivatives including both exchange-traded and over-the-counter ("OTC"), convertible securities, participatory notes, bonds, cash and cash equivalents, and foreign exchange contracts.

During the period, all assets of the Fund were liquidated and returned to the unit holders.

The special purpose financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the special purpose financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

The Fund is not a reporting entity because, in the directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Fund's Constitution.

As the Fund was terminated on 28 June 2021, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a liquidation basis. The liquidation basis means assets have been written down to the lower of their carrying amounts and net realisable value and additional liabilities have been recognised to the extent there was a present obligation at the reporting date. The accounting policies set below have been applied within this context. As there were no assets or liabilities at the reporting date, adopting the liquidation basis did not change the carrying amounts of any assets or liabilities.

The financial statements have been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* in Australia, and the following disclosure requirements:

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

The Fund is a for-profit entity for the purposes of preparing the financial statements.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current period.

(b) Financial instruments

(i) Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and property trusts, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, management fees payable, audit and tax fees payable and other payables).

(ii) Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss, if any, are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, receivables and payables are carried at amortised cost.

(iv) Impairment

At each reporting date, the Fund shall estimate a loss allowance on financial assets carried at amortised cost (cash and cash equivalents, due from brokers and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

(c) Net assets attributable to unit holders

Units are redeemable at the unit holders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

The units are classified as financial liabilities as the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unit holders (continued)

The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represents the Fund's main income generating activity.

(e) Investment income

(i) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(ii) Dividends and distributions

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlement basis.

(f) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax provided it distributes the entirety of its taxable income to its unit holders on present entitlement basis.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

(h) Distributions

The Fund distributes its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

2 Summary of significant accounting policies (continued)

(i) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

(j) Foreign currency translation

(i) Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

(k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by period end. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

(l) Receivables

Receivables may include amounts for interest, dividends and distributions. Dividends and distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

(m) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

A separate distributions payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 30 June of the same financial period.

(n) Applications and redemptions

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

2 Summary of significant accounting policies (continued)

(o) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, performance, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(p) Use of estimates and judgements

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations, require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model has not materially impacted the Fund.

(q) Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar unless otherwise indicated.

3 Financial assets at fair value through profit or loss

| | As at | |
|--|-----------------|-----------------|
| | 28 June 2021 | 30 June 2020 |
| | \$ | \$ |
| International listed equity securities | - | 5,143,799 |
| International listed property trusts | - | 547,018 |
| Total financial assets at fair value through profit or loss | - | 5,690,817 |

4 Financial liabilities at fair value through profit or loss

| | As at | |
|---|-----------------|-----------------|
| | 28 June 2021 | 30 June 2020 |
| | \$ | \$ |
| Forward currency contracts | 5 - | 131,796 |
| Total financial liabilities at fair value through profit or loss | - | 131,796 |

5 Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

The Fund holds the following derivative instrument:

Forward currency contracts

Forward currency contracts are primarily used by the Fund to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. The fair value of a forward contract that is not exchange traded is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

As at 28 June 2021, the Fund held no derivative financial instruments. The Fund's derivative financial instruments measured at fair value at prior year end are detailed below:

| As at 30 June 2020 | Contractual/ notional \$ | Assets \$ | Liabilities \$ |
|----------------------------|--------------------------------|--------------|-------------------|
| Forward currency contracts | 684,701 | - | 131,796 |
| Total derivatives | 684,701 | - | 131,796 |

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

Premium Asia Property Fund
Notes to the financial statements
For the period 1 July 2020 to 28 June 2021
(continued)

6 Net assets attributable to unit holders - liability

Movements in the number of units and net assets attributable to unit holders during the period were as follows:

| | For the period | | Year ended | |
|--|--------------------------------|--------------------------------|-----------------|-----------------|
| | 1 July 2020 to 28 June 2021 | 1 July 2020 to 28 June 2021 | 30 June 2020 | 30 June 2020 |
| | Units | \$ | Units | \$ |
| Opening balance | 5,558,451 | 5,504,219 | 6,445,623 | 8,200,305 |
| Applications | 147,859 | 147,842 | 173,770 | 216,327 |
| Redemptions | (5,706,310) | (3,717,333) | (1,088,402) | (1,352,324) |
| Reinvestment of distributions | - | - | 27,460 | 27,229 |
| Increase/(decrease) in net assets attributable to unit holders | - | (1,934,728) | - | (1,587,318) |
| Closing balance | - | - | 5,558,451 | 5,504,219 |

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

7 Distributions to unit holders

The distributions declared during the period were as follows:

| | For the period | | Year ended | |
|----------------------------|--------------------------------|--------------------------------|-----------------|-----------------|
| | 1 July 2020 to 28 June 2021 | 1 July 2020 to 28 June 2021 | 30 June 2020 | 30 June 2020 |
| Distributions | \$ | CPU | \$ | CPU |
| May (final distribution) | 1,687,790 | 42.6051 | - | - |
| June (paid) | - | - | 27,229 | 9.9114 |
| June (payable) | - | - | 520,972 | 9.9114 |
| Total distributions | 1,687,790 | | 548,201 | |

8 Cash and cash equivalents

| | As at | |
|--|-----------------|-----------------|
| | 28 June 2021 | 30 June 2020 |
| | \$ | \$ |
| Cash at bank | - | 579,626 |
| Total cash and cash equivalents | - | 579,626 |

Premium Asia Property Fund
Notes to the financial statements
For the period 1 July 2020 to 28 June 2021
(continued)

9 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

| | For the period 1 July 2020 to 28 June 2021 \$ | Year ended 30 June 2020 \$ |
|---|--|-------------------------------------|
| Profit/(loss) for the period | - | - |
| Increase/(decrease) in net assets attributable to unit holders | (1,934,728) | (1,587,318) |
| Distributions to unit holders | 1,687,790 | 548,201 |
| Proceeds from sale of financial instruments at fair value through profit or loss | 5,783,384 | 3,212,270 |
| Payments for purchase of financial instruments at fair value through profit or loss | (713,802) | (1,120,197) |
| Net cash flows from foreign exchange hedging activities | 54,640 | 418,954 |
| Net (gains)/losses on financial instruments at fair value through profit or loss | 276,594 | 553,168 |
| Net foreign exchange (gain)/loss | 7,918 | 624,029 |
| Net change in receivables | 93,383 | 16,285 |
| Net change in payables | (48,634) | (39,299) |
| Net cash inflow/(outflow) from operating activities | 5,206,545 | 2,626,093 |

(b) Non-cash operating and financing activities

The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan

| | | |
|--|----------|---------------|
| | - | 27,229 |
| Total non-cash operating and financing activities | - | 27,229 |

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount each period (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

10 Receivables

| | 28 June 2021 \$ | As at 30 June 2020 \$ |
|---|-----------------------|--------------------------------|
| Dividends receivable | - | 70,900 |
| GST receivable | - | 7,627 |
| Management fee reimbursement receivable | - | 13,323 |
| Other receivables | - | 1,533 |
| Total receivables | - | 93,383 |

Premium Asia Property Fund
Notes to the financial statements
For the period 1 July 2020 to 28 June 2021
(continued)

11 Payables

| | 28 June 2021 | As at 30 June 2020 |
|----------------------------|-------------------------|-----------------------------------|
| | \$ | \$ |
| Management fees payable | - | 24,208 |
| Audit and tax fees payable | - | 15,343 |
| Other payables | - | 9,083 |
| Total payables | - | 48,634 |

12 Remuneration of auditor

During the period the following fees were paid or payable for services provided by the auditor of the Fund:

| | For the period 1 July 2020 to 28 June 2021 | Year ended 30 June 2020 |
|--|---|--|
| | \$ | \$ |
| Ernst & Young | | |
| <i>Audit and other assurance services</i> | | |
| Audit of financial statements | 9,900 | 9,284 |
| Audit of compliance plan | - | 3,470 |
| Total auditor remuneration and other assurance services | 9,900 | 12,754 |
| <i>Taxation services</i> | | |
| Tax compliance services | 8,282 | 8,221 |
| Total remuneration for taxation services | 8,282 | 8,221 |
| Total remuneration of Ernst & Young | 18,182 | 20,975 |

The auditor's remuneration is borne by the Fund. Fees are stated exclusive of GST.

13 Events occurring after the reporting period

No significant events have occurred since the end of the period which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 28 June 2021 or on the results and cash flows of the Fund for the period ended on that date.

14 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 28 June 2021 and 30 June 2020.

Directors' declaration

As stated in Note 2(a) of the financial statements, the Fund is not a reporting entity because, in the directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Fund's Constitution.

In the opinion of the directors of the Responsible Entity:

- (a) The special purpose financial statements and notes set out on pages 5 to 19:
 - (i) comply with Australian Accounting Standards and other mandatory professional reporting requirements, to the extent outlined in Note 2 to the financial statements; and
 - (ii) give a true and fair view of the Fund's financial position as at 28 June 2021 and of its performance for the financial period ended on that date.
- (b) As outlined in Note 1 to the financial statements, the Fund terminated its operations on 28 June 2021 and all units were redeemed out of the Fund.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
9 September 2021



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Independent Auditor's Report to the Unit Holders of Premium Asia Property Fund

Opinion

We have audited the financial report, being a special purpose financial report, of Premium Asia Property Fund (the Fund), which comprises the statement of financial position as at 28 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 1 July 2020 to 28 June 2021, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Fund as at 28 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Trust Deed.

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

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

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Reliance

We draw attention to Note 2(a) to the financial statements which describes the basis of accounting. The financial report is prepared to assist the Fund to meet the requirements of the Trust Deed. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the Fund and its unit holders (collectively the Recipients) and should not be distributed to parties other than the Recipients. Further, it is the directors' intention to wind up the Fund prior to the next year end. As a result, the financial report has been prepared on a liquidation basis. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors of the Responsible Entity are responsible for the other information. The other information is the directors' report accompanying the financial report.

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, 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 and fair presentation of the financial report and have determined that the basis of preparation described in Note 2(a) to the financial statements is appropriate to meet the requirements of the Trust Deed and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund 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 judgment 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 Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting. When such use is inappropriate and the directors use an alternative basis of accounting, we conclude on the appropriateness of the directors' use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.



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- ▶ 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young
Melbourne

9 September 2021