

# **BT Global Property Value Fund**

ABN 87 547 694 514

**Annual report - for the year ended**

**30 June 2016**

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These financial statements cover BT Global Property Value Fund as an individual entity.

The Trustee of BT Global Property Value Fund is BT Investment Management (Fund Services) Limited (ABN 13 161 249 332). The Trustee's registered office is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

**Statement of comprehensive income**

	Notes	Year ended	
		30 June 2016	30 June 2015
		\$	\$
<b>Investment income</b>			
Interest income		20,522	8,700
Distribution income		7,380,052	2,138,461
Net gains/(losses) on financial instruments held at fair value through profit or loss	7	(3,384,398)	1,984,092
Other income		<u>-</u>	<u>328,037</u>
<b>Total net investment income/(loss)</b>		<b><u>4,016,176</u></b>	<b><u>4,459,290</u></b>
<b>Expenses</b>			
Withholding tax		758,220	-
Other operating expenses	5	<u>41,459</u>	<u>41,681</u>
<b>Total operating expenses</b>		<b><u>799,679</u></b>	<b><u>41,681</u></b>
<b>Operating profit/(loss)</b>		<b><u>3,216,497</u></b>	<b><u>4,417,609</u></b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	9	(15,903,200)	(6,427,200)
(Increase)/decrease in net assets attributable to unitholders	8	<u>12,686,703</u>	<u>2,009,591</u>
<b>Profit/(loss) for the year</b>		-	-
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>-</u></b>	<b><u>-</u></b>

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

**Balance sheet**

	Notes	As at	
		30 June 2016	30 June 2015
		\$	\$
<b>Assets</b>			
Cash and cash equivalents	10	2,346,209	454,682
Accrued income		742	205
Receivables		668	806
Financial assets held at fair value through profit or loss	11	<u>2,031,697</u>	<u>16,613,056</u>
<b>Total assets</b>		<u><b>4,379,316</b></u>	<u><b>17,068,749</b></u>
<b>Liabilities</b>			
Payables		<u>976</u>	<u>3,706</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u><b>976</b></u>	<u><b>3,706</b></u>
<b>Net assets attributable to unitholders - liability</b>	8	<u><b>4,378,340</b></u>	<u><b>17,065,043</b></u>

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

**Statement of changes in equity**

	Year ended	
	30 June 2016	30 June 2015
Notes	\$	\$
<b>Total equity at the beginning of the financial year</b>	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income for the year	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the financial year</b>	-	-

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

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

**Statement of cash flows**

	Year ended	
	30 June 2016	30 June 2015
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Distribution received	6,621,832	2,138,461
Interest received	19,984	14,439
Return of capital received	11,003,498	4,310,224
Other income received	138	328,697
Payment of other expenses	<u>(44,189)</u>	<u>(42,594)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	15(a) <u><b>17,601,263</b></u>	<u><b>6,749,227</b></u>
<b>Cash flows from financing activities</b>		
Distributions paid	<u>(15,903,200)</u>	<u>(6,427,200)</u>
<b>Net cash inflow/(outflow) from financing activities</b>	<u><b>(15,903,200)</b></u>	<u><b>(6,427,200)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,698,063</b>	<b>322,027</b>
Cash and cash equivalents at the beginning of the year	<b>454,682</b>	<b>120,299</b>
Effects of foreign currency exchange rate changes on cash and cash equivalents	<u><b>193,464</b></u>	<u><b>12,356</b></u>
<b>Cash and cash equivalents at the end of the year</b>	10 <u><b>2,346,209</b></u>	<u><b>454,682</b></u>

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

## 1 General information

These financial statements cover BT Global Property Value Fund (“the Fund”) as an individual entity. The Fund was constituted on 26 February 2004.

The Trustee of the Fund is BT Investment Management (Fund Services) Limited (“the Trustee”). The Trustee's registered office is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000. The financial statements are presented in Australian currency.

During the year, the Fund invested in an unlisted real estate investment fund in accordance with the provisions of the governing documents.

The fixed investment term of the Fund expired on 30 September 2014. The orderly sale and realisation of the remaining two investments held by the limited partnership into which the Fund indirectly invests in was completed in the quarter ended 31 March 2016. The limited partnership is expected to be wound up by early 2017.

The financial statements were authorised for issue by the directors of the Trustee on 12 September 2016. The directors of the Trustee have the power to amend and reissue the 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 years presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the Trust Deed. BT Global Property Value Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Fund expects to realise its investment in the unlisted real estate investment company within the next twelve months, and therefore, the financial statements have been prepared on a liquidation basis. Consequently the Trustees have determined that the going concern basis of preparation is no longer appropriate. The financial statements have been prepared on a liquidation basis and assets have been written down to the lower of their carrying amounts and their net realisable values and liabilities have been recognised at their contractual settlement amount. Adoption of the liquidation basis or preparation has no impact on the carrying amount of assets and liabilities of the Fund.

#### (i) *Compliance with International Financial Reporting Standards*

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

#### (ii) *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 year beginning 1 July 2015 that have a material impact on the Fund.

### (b) Financial instruments

#### (i) *Classification*

Investments are classified as at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in unlisted companies.

Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the documented investment strategy. The policy is for management to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

#### (ii) *Recognition / derecognition*

The Fund recognises financial assets and 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.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and substantially all of the risks and rewards of ownership have been transferred.

## **2 Summary of significant accounting policies (continued)**

### **(b) Financial instruments (continued)**

#### *(iii) Measurement*

##### *Financial assets held at fair value through profit or loss*

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

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

Refer note 4 for further details on how the fair values of financial instruments are determined.

### **(c) Net assets attributable to unitholders**

The Fund is a closed ended Australian unit trust investing into real estate investments through an unlisted foreign fund.

The Trustee has no obligation to accept redemption requests.

### **(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, cash management trusts and bank overdrafts.

Payments and receipts relating to the purchase and sale of financial assets are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

### **(e) Accrued income**

Accrued income may include amounts for dividends and interest. Dividends are accrued when the right to receive payment is established. Interest is accrued from the time of last payment. Amounts are generally received within 45 days of being recorded as receivables.

### **(f) Unsettled sales/purchases**

Unsettled sales/purchases represent receivables for securities sold and/or payables for securities purchased that have been contracted for but not yet delivered by the end of the reporting period. Trades are recorded on trade date. A provision for impairment of amounts due is established when there is objective evidence that all amounts due from the relevant broker/fund manager will not be able to be collected.

### **(g) Receivables**

Receivables include such items as Reduced Input Tax Credits ("RITC") and application monies receivable from unitholders.

### **(h) Payables**

Payables include liabilities, accrued expenses and redemption monies owing by the Fund which are unpaid as at the end of the reporting period.

As the Fund has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

### **(i) Investment income**

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss as it accrues.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlement basis.

## **2 Summary of significant accounting policies (continued)**

### **(j) Expenses**

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

### **(k) Income tax**

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of foreign tax paid are passed on to unitholders.

### **(l) Distributions**

In accordance with the Fund's Trust Deed, the Fund distributes its distributable income, and any other amounts determined by the Trustee, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

### **(m) Increase/(decrease) in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

### **(n) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the 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 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 year 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. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

### **(o) Goods and Services Tax ("GST")**

The GST incurred on the costs of various services provided to the Fund by third parties such as investment management fees have been passed onto the Fund. The Fund qualifies for RITC hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

## **2 Summary of significant accounting policies (continued)**

### **(p) Use of estimates**

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and 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 financial instruments, quoted market prices are readily available.

For more information on how fair value is calculated refer note 4.

### **(q) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted. Management's assessment of the impact of these new standards (to the extent relevant) and interpretations is set out below:

#### **(i) AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)**

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

Management do not expect this to have a significant impact on the recognition and measurement of the financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting.

Management has not yet decided when to adopt AASB 9.

#### **(ii) AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)**

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Fund's main source of revenue is interest, dividends and gains on financial instruments held at fair value. All of these sources are outside the scope of the new revenue standard. As a consequence, management do not expect the adoption of the new revenue recognition rules to have a significant impact on the accounting policies or the amounts recognised in the financial statements.

### **(r) Rounding of amounts**

In accordance with the relief provision within *ASIC Corporations (Rounding in Financial Report) Instrument 2016/191*, all amounts in the financial statements have been rounded to the nearest dollar unless otherwise indicated.

## **3 Financial risk management**

The Fund's activities expose it to a variety of financial risks; market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with its governing documents and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Derivative financial instruments may also be used (or are used) to alter certain risk exposures. Financial risk management is carried out by the investment manager.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

The investment manager mitigates these financial risks through diversification and a careful selection of securities and other financial instruments within specified limits.

The investment manager provides the Trustee with performance figures on a quarterly basis together with a written commentary on the performance of the Fund.

### 3 Financial risk management (continued)

#### (a) Market risk

##### (i) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices.

Price risk on unlisted funds arises from investments held for which prices in the future are uncertain. These are classified in the balance sheet as at fair value through profit or loss. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) below sets out how this component of price risk is managed and measured. All security investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's single underlying investment is in a foreign unlisted real estate investment fund.

The table presented in note 3(b) summarises sensitivity analysis to price risk.

##### (ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

The Fund holds shares in a foreign unlisted real estate investment fund. As this investment is a non-monetary asset, the foreign exchange risk is a component of price risk.

The Fund's international asset exposure will generally not be hedged to the Australian dollar but the investment manager may do so from time to time.

Exceptions to compliance are reported to management on a regular basis.

The table below summarises the assets and liabilities that are denominated in a currency other than the Australian dollar.

#### As at 30 June 2016

	US Dollars A\$
Cash and cash equivalents	1,872,555
Receivables	156
Financial assets held at fair value through profit or loss	<u>2,031,697</u>
	<u>3,904,408</u>

#### As at 30 June 2015

	US Dollars A\$
Cash and cash equivalents	333,730
Financial assets held at fair value through profit or loss	<u>16,613,056</u>
	<u>16,946,786</u>

##### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets.

The Fund does not have any significant direct exposure to interest rate risk.

Exceptions to compliance are reported to management on a regular basis.

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the operating profit and net assets attributable to unitholders to other price risk. The analysis is based on reasonably possible movements in the benchmark with all other variables held constant and the fair value of the portfolio moving according to the movement in the benchmark. The reasonably possible movements in the risk variables have been determined based on management estimates, having regard to a number of factors, including historical levels of changes in market index, security prices and/or benchmark returns, interest rates and foreign exchange rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities to which the variable is exposed. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

The sensitivity analysis is based on symmetrical reasonably possible movements, however, the likelihood of symmetrical movements may vary over time due to factors such as economic conditions and investment strategies.

As at	<b>Impact on operating profit/(loss) / Net assets attributable to unitholders</b>	
	<b>Price risk</b>	
	<b>-20%</b> (2015: -25%) \$	<b>+20%</b> (2015: +25%) \$
<b>30 June 2016*</b>	-	-
30 June 2015	(4,153,264)	4,153,264

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Trustee has considered prior period and expected future movements of the portfolio based on market information.

\*During the period, the sole underlying limited partnership which the Fund invested into, disposed of all remaining investment assets. As at reporting date it therefore held no assets subjects to price risk and therefore the Fund is no longer subject to price risk movements.

#### (c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

Investments in unlisted unit trusts are exposed to credit risk.

Concentrations of direct credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved, and
- ensuring that transactions are undertaken with a number of counterparties.

Exceptions to compliance are reported to management on a regular basis.

The Fund held deposits with the following banks. Below is a summary of the holdings as a percentage of net assets attributable to unitholders:

	<b>30 June 2016</b>		<b>30 June 2015</b>	
	\$	%	\$	%
<b>JP Morgan Chase Bank</b>				
Cash and cash equivalents	<u>2,346,209</u>	<u>53.59</u>	<u>454,682</u>	<u>2.66</u>
Total	<u>2,346,209</u>	<u>53.59</u>	<u>454,682</u>	<u>2.66</u>

### **3 Financial risk management (continued)**

#### **(d) Liquidity risk**

Liquidity risk is the risk that sufficient cash resources may not be able to be generated to settle obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is a closed ended Australian unit trust investing into real estate investments through an unlisted foreign fund.

The Trustee has no obligation to accept redemption requests.

The risk management guidelines adopted are designed to minimise liquidity risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty.

Exceptions to the above are reported to management on a regular basis.

#### *(i) Maturities of non-derivative financial liabilities*

The non-derivative financial liabilities of the Fund comprise payables and net assets attributable to unitholders. Payables have no contractual maturities but are typically settled within 30 days.

Net assets attributable to unitholders are redeemable at the unitholders' option, however, as permitted under the governing documents, management may decide to delay payment of redemption amount.

### **4 Fair value measurement**

The following assets and liabilities are measured and recognised at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss ("FVTPL") (refer note 11)

There are no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

#### **(a) Fair value in an inactive or unquoted market (level 2 and level 3)**

The fair value of financial assets and liabilities that are not traded in an active market are determined by using quoted market prices, dealer quotes and/or valuation techniques.

Investments in unlisted unit trusts are classified as level 3 when they had suspended applications and redemptions during the reporting period. The unit trusts are valued at the redemption value per unit as reported by the managers of such funds.

#### 4 Fair value measurement (continued)

(i) *Recognised fair value measurements*

The following table presents the financial assets and liabilities measured and recognised at fair value:

<b>As at 30 June 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Unlisted funds	-	-	<u>2,031,697</u>	<u>2,031,697</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<u>2,031,697</u>	<u>2,031,697</u>
As at 30 June 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Unlisted funds	-	-	<u>16,613,056</u>	<u>16,613,056</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<u>16,613,056</u>	<u>16,613,056</u>

There were no financial liabilities as at 30 June 2016 and 30 June 2015.

Transfers into and transfers out of the fair value hierarchy levels are recognised at the end of each reporting period.

(ii) *Transfers between levels*

There have been no transfers between levels for the year ended 30 June 2016 and 30 June 2015.

(iii) *Valuation processes*

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. In the event that the security is not actively traded and there are no or few other broker quotes to substantiate the quoted market price, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

**(b) Disclosed fair values**

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

Due to their short-term nature, the carrying value of receivables and payables are assumed to approximate their fair values.

Net assets attributable to unitholders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

#### 4 Fair value measurement (continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments by class of financial instrument.

<b>30 June 2016</b>	<b>Equity securities</b>
	<b>\$'000</b>
Opening balance	16,613,056
Return of capital	(8,219,544)
Gains/(losses) recognised in the statement of comprehensive income	<u>(6,361,815)</u>
<b>Closing balance</b>	<b><u>2,031,697</u></b>
Total gains/(losses) for the year included in the statement of comprehensive income for the financial assets and liabilities held at the end of the year	<u>(6,361,815)</u>
30 June 2015	Equity securities
	\$
Opening balance	18,951,544
Return of capital	(4,310,224)
Gains/(losses) recognised in the statement of comprehensive income	<u>1,971,736</u>
Closing balance	<u>16,613,056</u>
Total gains/(losses) for the year included in the statement of comprehensive income for the financial assets and liabilities held at the end of the year	<u>1,971,736</u>

(i) Valuation inputs and relationships to fair value

The significant unobservable inputs used in the fair value measurement of the Fund's level 3 investments are outlined below. Generally, a change in the assumptions used in any input in isolation may be accompanied by a change in another input. Significant changes in any of the unobservable inputs may significantly impact the fair value measurement. The impact is based on the relationship between each unobservable input and the fair value measurement. A significant change in broker or third party vendor pricing information could result in a significantly higher or lower value in such level 3 instruments.

#### 4 Fair value measurement (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements as at 30 June 2016 and 30 June 2015.

##### 30 June 2016

Security type	Fair value \$	Valuation approach	Key unobservable inputs	Range of estimates (weighted average) for unobservable input
Unlisted funds	2,031,697	Underlying investment manager pricing	The level 3 equity security of \$2,031,697 is an investment into an unlisted real estate investment company, AEW VIF REIT Inc. This security is infrequently traded and cannot be redeemed, therefore there are significant unobservable inputs into the fair value of this investment. Quarterly values are issued by the investment manager AEW Capital Management L.P. ("AEW"). The quarterly value at 30 June 2016 was supplied by AEW to the Trustee. The value provided by the investment manager has been used in the financial statements for valuation purposes. Management considers this value to be appropriate.	N/A

##### 30 June 2015

Security type	Fair value \$	Valuation approach	Key unobservable inputs	Range of estimates (weighted average) for unobservable input
Unlisted funds	16,613,056	Underlying investment manager pricing	The level 3 equity security of \$16,613,056 is an investment into an unlisted real estate investment company, AEW VIF REIT Inc. This security is infrequently traded and cannot be redeemed, therefore there are significant unobservable inputs into the fair value of this investment. Quarterly values are issued by the investment manager AEW Capital Management L.P. ("AEW"). The quarterly value at 30 June 2015 was supplied by AEW to the Trustee. The value provided by the investment manager has been used in the financial statements for valuation purposes. Management considers this value to be appropriate.	N/A

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Quantitative unobservable inputs are not developed by management when measuring fair value of level 3 fair value hierarchy.

## 5 Other operating expenses

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
Reimbursable expenses	<u>41,459</u>	<u>41,681</u>
	<u>41,459</u>	<u>41,681</u>

## 6 Remuneration of auditors

	Year ended	
	30 June 2016	1 July 2015
	\$	\$
<i>Audit and other assurance services</i>		
Audit of financial statements	20,030	21,038
Other services*	<u>1,548</u>	<u>-</u>
Total remuneration for audit and other assurance services	<u>21,578</u>	<u>21,038</u>

\*Other services include compliance plan audit & control reporting.

All audit fees were included in reimbursable expenses during the years ended 30 June 2016 and 30 June 2015.

## 7 Net gains/(losses) on financial instruments held at fair value through profit or loss

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
Net unrealised gains/(losses) on financial instruments designated at fair value through profit or loss	(3,553,754)	2,002,947
Net realised gains/(losses) on financial instruments designated at fair value through profit or loss	<u>169,356</u>	<u>(18,855)</u>
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>(3,384,398)</u>	<u>1,984,092</u>

## 8 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

### (a) Units on issue

	As at			
	30 June 2016	30 June 2016	30 June 2015	30 June 2015
	No.	\$	No.	\$
Fully paid units	<u>82,400,000</u>	<u>4,378,340</u>	<u>82,400,000</u>	<u>17,065,043</u>
	<u>82,400,000</u>	<u>4,378,340</u>	<u>82,400,000</u>	<u>17,065,043</u>

### (b) Capital risk management

The Fund is a closed ended Australian unit trust investing into real estate investments through an unlisted foreign fund.

The Trustee has no obligation to accept redemption requests.

## 8 Net assets attributable to unitholders (continued)

### (c) Movements in net assets attributable to unitholders

	<b>30 June 2016</b>	30 June 2015
	\$	\$
Opening balance	17,065,043	19,074,634
Increase/(decrease) in net assets attributable to unitholders	<u>(12,686,703)</u>	<u>(2,009,591)</u>
Closing balance	<u>4,378,340</u>	<u>17,065,043</u>

## 9 Distributions to unitholders

	Year ended			
	<b>30 June 2016</b>	<b>30 June 2016</b>	30 June 2015	30 June 2015
	\$	CPU	\$	CPU
Distributions paid				
– 13 August	-	-	6,427,200	7.80
– 9 December	5,603,200	6.80	-	-
– 19 May	<u>10,300,000</u>	<u>12.50</u>	-	-
	<u>15,903,200</u>	<u>19.30</u>	<u>6,427,200</u>	<u>7.80</u>

## 10 Cash and cash equivalents

	As at	
	<b>30 June 2016</b>	30 June 2015
	\$	\$
Cash at bank	473,654	120,952
Foreign currency holdings	<u>1,872,555</u>	<u>333,730</u>
	<u>2,346,209</u>	<u>454,682</u>

## 11 Financial assets held at fair value through profit or loss

	As at	
	30 June 2016	30 June 2015
	Fair value	Fair value
	\$	\$
<b>Designated at fair value through profit or loss</b>		
Unlisted funds	<u>2,031,697</u>	<u>16,613,056</u>
Total designated at fair value through profit or loss	<u>2,031,697</u>	<u>16,613,056</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>2,031,697</u>	<u>16,613,056</u>
<b>Comprising:</b>		
<b>Unlisted funds</b>		
Shares in foreign unlisted fund	<u>2,031,697</u>	<u>16,613,056</u>
Total unlisted funds	<u>2,031,697</u>	<u>16,613,056</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>2,031,697</u>	<u>16,613,056</u>

The Fund invests into real estate investments via an unlisted fund domiciled in the United States of America.

An overview of the risk exposures and fair value measurements relating to financial assets held at fair value through profit or loss is included in note 3 and note 4.

## 12 Derivative financial instruments

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..

No derivative transactions were entered into during the year.

## 13 Related party transactions

### (a) Trustee

The Trustee of the Fund is BT Investment Management (Fund Services) Limited (ABN 13 161 249 332), a wholly owned subsidiary of BT Investment Management Limited (ABN 28 126 385 822). The registered office of the Trustee and the Fund is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

### (b) Directors

Key management personnel include persons who were directors of BT Investment Management (Fund Services) Limited at any time during the financial year as follows:

C Williamson (appointed 15 November 2012)

E Gonzalez (appointed 15 November 2012)

A Artyun (appointed 15 November 2012, resigned 11 December 2015)

H King (appointed 30 January 2016)

### 13 Related party transactions (continued)

**(c) Other key management personnel**

There was no other person with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

**(d) Trustee's fees and other transactions**

The Trustee does not receive ongoing management fees from the Fund.

The Trustee is entitled to be reimbursed out of the Fund for costs including expenses in connection with the keeping and preparation of accounting records and the maintenance of the register.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable/(receivable) at the end of each reporting period between the Fund and the Trustee are as follows:

	<b>30 June 2016</b>	<b>30 June 2015</b>
	\$	\$
Administration expenses incurred by the Trustee which are reimbursed in accordance with the Fund's governing documents	<b>41,459</b>	41,681
Aggregate amounts payable/(receivable) to/(from) the Trustee at the end of the reporting period	<b>976</b>	3,706

**(e) Related party unitholdings**

Other funds related to the Responsible Entity hold units in the Fund and these funds do not meet the definition of related parties under the Australian Accounting Standards and so such unitholdings are not required to be disclosed.

**(f) Transactions with key management personnel**

Key management personnel services are provided by BT Investment Management (Fund Services) Limited and included in the management fees disclosed in (d) above. There is no separate charge for these services. There was no compensation paid directly by the Fund to any of the key management personnel.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

*Key management personnel unitholdings*

At 30 June 2016 no key management personnel held units in the Fund (2015: Nil).

**(g) Investments**

The Fund did not hold any investments in the Trustee or its related parties during the year (2015: Nil).

**(h) Other transactions within the Fund**

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interests existing at the end of the reporting period.

## 14 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Fund's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. However, the Fund applies the Investment Entity Exemption available under AASB 10 *Consolidated Financial Statements* and therefore does not consolidate its controlled entities. In other cases it may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. Such interests include holdings of units in unlisted trusts. The nature and extent of the Fund's interests in structured entities are titled "unlisted unit trusts or funds" and are summarized in note 4 & 11.

The Fund has exposures to unconsolidated structured entities through its investment activities. The Fund's maximum exposure to loss is restricted to the carrying value of the asset.

The Fund's overall risk management programme focuses on ensuring compliance with its governing documents and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The risks associated with the investments are referred to in note 3.

During the year the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund's investment strategy entails investments in other funds on a regular basis. The Fund intends to continue investments in other funds.

As at 30 June 2016, there were no capital commitment obligations other than what is in unsettled sales or unsettled purchases in the balance sheet (2015: Nil).

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

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
<b>(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Operating profit/(loss) for the year	3,216,497	4,417,609
Net (gains)/losses on financial instruments held at fair value through profit or loss	3,384,398	(1,984,092)
Return of capital	11,003,498	4,310,224
Net change in accrued income and receivables	(400)	6,398
Net change in payables	(2,730)	(912)
<b>Net cash inflow from operating activities</b>	<b>17,601,263</b>	<b>6,749,227</b>

## 16 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the balance sheet as at 30 June 2016 or on the results and cash flows of the Fund for the year ended on that date.

## 17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2016 and 30 June 2015.

## **Trustee's statement**

In the opinion of the directors of the Trustee:

- (a) the financial statements and notes set out on pages 2 to 20:
  - (i) comply with Accounting Standards and other mandatory professional reporting requirements, and
  - (ii) present fairly the Fund's financial position as at 30 June 2016 and of its performance for the year ended on that date, and
- (b) as disclosed in note 2(a) to the financial statements, the financial statements have been prepared on a liquidation basis. However, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Director



Director

Sydney

12 September 2016



## **Independent auditor's report to the unitholders of BT Global Property Value Fund**

### ***Report on the financial report***

We have audited the accompanying financial report of BT Global Property Value Fund (the "Fund"), which comprises the balance sheet as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 28 June 2016 to 30 June 2016, a summary of significant accounting policies, other explanatory notes and the Trustee's statement.

### ***Directors' responsibility for the financial report***

The directors of BT Global Property Value Fund (the "Trustee") is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the directors of the Trustee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors of the Trustee also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the overall presentation of the financial report.

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

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*Auditor's opinion*

In our opinion:

- (a) the financial report of BT Global Property Value Fund:
  - (i) presents fairly, in all material respects, the Fund's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
  - (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations).
- (b) the Fund's financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

***Emphasis of Matter – going concern no longer appropriate***

Without modifying our opinion, we draw attention to the following matter. As indicated in 2(a) of the financial report, the Fund reached the end of its fixed term on 30 September 2014, and upon realising its investment the Fund may be wound up before the next financial reporting date of 30 June 2017. Consequently, the directors have determined that the going concern basis of preparation is no longer appropriate. As a result, the financial report has been presented on a liquidation basis and not a going concern basis.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'S Cuthbert', written over a light blue horizontal line.

S Cuthbert  
Partner

Sydney  
12 September 2016