SG Hiscock Property Fund (formerly known as 'SG Hiscock Wholesale Property Fund')

ARSN 088 905 382

Annual report - 30 June 2018

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These financial statements cover SG Hiscock Property Fund as an individual entity.

The Responsible Entity of SG Hiscock Property Fund is Fidante Partners Services Limited (ABN 44 119 605 373). The Responsible Entity's registered office is:

Level 2
5 Martin Place
Sydney NSW 2000

Financial highlights

Financial highlights for SG Hiscock Property Fund (formerly known as 'SG Hiscock Wholesale Property Fund') ('the Trust') include the following:

Performance

The table below shows historical discrete annual return performance of the Trust for the past five years. Calculation of performance is after all fees, except any entry fees that have been deducted, and assumes that all distributions were reinvested during that year. The total return is the aggregate of capital growth and distribution returns.

	2018	2017	2016	2015	2014
Wholesale class	**%**	%	%	%	%
Capital growth	**6.05**	(6.53)	16.53	12.62	8.46
Distribution of income	**5.27**	2.56	4.67	4.33	5.89
Total return	**11.32**	(3.97)	21.20	16.95	14.35

Consistent with the statements in the current product disclosure statement, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Indirect Cost Ratio (ICR)

The Indirect Cost Ratio (ICR) is the ratio of the Trust's management costs over the Trust's average net assets attributable for the year, expressed as a percentage. The ICR of the Trust for the past five years has been:

	2018	2017	2016	2015	2014
	%	%	%	%	%
Wholesale class	**0.78**	0.78	0.78	0.78	0.78

Management costs include management fees and other expenses or reimbursements deducted in relation to the Trust, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Trust.

Unit redemption prices

Unit redemption prices (quoted ex-distribution and exclusive of exit fees) are shown as follows:

	2018	2017
Wholesale class	**$**	$
At 30 June	**0.9320**	0.8788
High during year	**1.0010**	1.0001
Low during year	**0.8487**	0.8387

Directors' report

The Directors of Fidante Partners Services Limited, the Responsible Entity of SG Hiscock Property Fund (formerly known as 'SG Hiscock Wholesale Property Fund'), present their report together with the financial statements of SG Hiscock Property Fund ('the Trust') for the year ended 30 June 2018.

Directors

The following persons held office as Directors of Fidante Partners Services Limited during the year or since the end of the year and up to the date of this report, unless otherwise stated:

T Bofinger (appointed 1 July 2018)
A Collins
A Murphy
I Saines
A Tobin
R Willis (resigned 30 June 2018)

Principal activities

The principal activity of the Trust during the year was to invest in accordance with the provisions of the Trust's Constitution.

There were no significant changes in the nature of the Trust's activities during the year.

The Asset Manager of the Trust is SG Hiscock & Company Limited.

Review and results of operations

During the year, the Trust continued to invest in accordance with target asset allocations as set out in the current product disclosure statement which continues to be adhered to. The Trust maintains its strategy of investing in Australian property securities.

Results

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

	30 June 2018 $'000	30 June 2017 $'000
Net operating profit/(loss)	**6,832**	(2,874)
Distributions paid and payable	**3,193**	2,103
Distributions (cents per unit) - Wholesale class	**4.50**	2.50

Significant changes in state of affairs

Effective 29 September 2017, the Trust changed its name to SG Hiscock Property Fund (formerly known as 'SG Hiscock Wholesale Property Fund').

Directors' report (continued)

Significant changes in state of affairs (continued)

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Trust that occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

(i) the operations of the Trust in future financial years, or
(ii) the results of those operations in future financial years, or
(iii) the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the officers of Fidante Partners Services Limited. So long as the officers of Fidante Partners Services Limited act in accordance with the Trust's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Fees paid to and interests held in the Trust by the responsible entity or its related entities

Fees paid to the Responsible Entity and its related entities out of Trust property during the year are disclosed in note 13 to the financial statements.

No fees were paid out of Trust property to the Directors of the Responsible Entity during the year.

The number of interests in the Trust held by the Responsible Entity or its related entities as at the end of the financial year are disclosed in note 13 to the financial statements.

Interests in the Trust

The movement in units on issue in the Trust during the year is set out below:

	30 June 2018 No. '000	30 June 2017 No. '000
Units on issue - Opening	**80,333**	92,570
Units issued	**5,286**	6,353
Units redeemed	**(19,247)**	(18,590)
Units on issue - Closing	**66,372**	80,333

The movement in units on issue in the Trust during the year is further disclosed in note 5 to the financial statements.

Directors' report (continued)

Interests in the Trust (continued)

Value of assets	30 June 2018 $'000	30 June 2017 $'000
Value of Trust assets at 30 June	**62,776**	71,602

The value of the Trust'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 Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The Trust is an entity of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand in accordance with that Instrument, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of Directors.

Andrey Collins

A Collins
Director

Sydney
12 September 2018

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Auditor's Independence Declaration to the Directors of Fidante Partners Services Limited

As lead auditor for the audit of SG Hiscock Property Fund for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

R Da Silva

Rita Da Silva
Partner
12 September 2018

Statement of comprehensive income

	Notes	**30 June 2018 $'000**	30 June 2017 $'000
Income			
Interest income		**10**	13
Dividend income		**154**	139
Distribution income		**3,433**	3,471
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	**3,805**	(5,801)
Total income/(loss)		**7,402**	(2,178)
Expenses			
Management fees	13	**469**	590
Transaction costs		**41**	67
Other expenses		**60**	39
Total expenses		**570**	696
Net profit/(loss) before finance costs		**6,832**	(2,874)
Finance costs attributable to unitholders			
Distributions to unitholders	6	**(3,193)**	(2,103)
(Increase)/decrease in net assets attributable to unitholders	5	**(3,639)**	4,977
Other comprehensive income		**-**	-
Total comprehensive income for the year		**-**	-

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

Statement of financial position

	Notes	**30 June 2018 $'000**	30 June 2017 $'000
Assets			
Cash and cash equivalents	14(b)	**1,425**	988
Receivables	7	**964**	952
Financial assets held at fair value through profit or loss	8	**60,387**	69,662
Total assets		**62,776**	71,602
Liabilities			
Distributions payable	6	**925**	742
Payables	9	**45**	108
Total liabilities (excluding net assets attributable to unitholders)		**970**	850
Net assets attributable to unitholders - Liability*	5	**-**	70,752
Net assets attributable to unitholders - Equity*	5	**61,806**	-

* Effective 30 June 2018, net assets attributable to unitholders was reclassified to equity from a liability. Refer to Note 1 for further details.

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

Statement of changes in unitholder funds

	Notes	**30 June 2018 $'000**	30 June 2017 $'000
At 1 July - Opening Balance - Liability		**70,752**	87,088
Applications for units		**3,220**	4,639
Units issued upon reinvestment of distributions		**1,588**	1,270
Redemptions of units		**(17,393)**	(17,268)
Change in net assets attributable to unitholders		**3,639**	(4,977)
Reclassification due to AMIT tax regime implementation*		**(61,806)**	-
At 30 June - Closing Balance - Liability	5	**-**	70,752

	Notes	**30 June 2018 $'000**	30 June 2017 $'000
At 1 July - Opening Balance - Equity		**-**	-
Reclassification due to AMIT tax regime implementation*		**61,806**	-
At 30 June - Closing Balance - Equity	5	**61,806**	-

* Effective 30 June 2018, net assets attributable to unitholders was reclassified to equity from a liability. Refer to Note 1 for further details.

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

Statement of cash flows

	Notes	**30 June 2018 $'000**	30 June 2017 $'000
Cash flows from operating activities			
Dividends received		**154**	139
Interest received		**9**	14
Distributions received		**3,423**	3,795
Management fees paid		**(472)**	(600)
Payment of other expenses		**(104)**	(102)
Net cash inflow from operating activities	14(a)	**3,010**	3,246
Cash flows from investing activities			
Proceeds from sale of investments designated at fair value through profit or loss		**30,225**	31,395
Purchase of investments designated at fair value through profit or loss		**(17,145)**	(20,776)
Net cash inflow from investing activities		**13,080**	10,619
Cash flows from financing activities			
Proceeds from applications by unitholders		**3,221**	4,724
Payments for redemptions by unitholders		**(17,452)**	(17,247)
Distributions paid		**(1,422)**	(1,136)
Net cash outflow from financing activities		**(15,653)**	(13,659)
Net increase in cash and cash equivalents		**437**	206
Cash and cash equivalents at the beginning of the year		**988**	782
Cash and cash equivalents at the end of the year	14(b)	**1,425**	988

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

1 General information

These financial statements cover SG Hiscock Property Fund (formerly known as 'SG Hiscock Wholesale Property Fund') ('the Trust') as an individual entity. The Trust is an Australian registered managed investment scheme and was constituted on 28 July 1999. The Trust will terminate on 28 July 2079 unless terminated earlier in accordance with the provisions of the Trust's Constitution.

The financial statements were authorised for issue by the Directors on 12 September 2018.

The nature of the operating and principal activities of the Trust are described in the Directors' report.

On 5 May 2016, the Attribution Managed Investment Trust (“AMIT”) regime, applying to Managed Investment Trusts was enacted under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. With its introduction, the Responsible Entity has amended the Trust’s Constitution to allow the Trust to operate as an AMIT. The Responsible Entity sent a notice to unitholders on the Trust’s intention to elect into the AMIT regime from the financial year ended 30 June 2018. As at 30 June 2018, the Trust met the conditions to operate as an AMIT and reassessed the other criteria in AASB 132 *Financial Instruments: Presentation* for classifying unitholders’ funds. The Trust has determined that unitholders' funds should be reclassified from a financial liability to equity. Refer to note 2(c) and note 5 for further information.

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 in the following note.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Trust's Constitution, Australian Accounting Standards and the *Corporations Act 2001*.

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial instruments and net assets attributable to unitholders. The amounts expected to be recovered or settled beyond twelve months after the end of each reporting period cannot be reliably determined.

Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with the Australian Accounting Standards as issued by the Australian Accounting Standards Board and the International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Financial instruments

(i) Classification

The Trust's investments are carried 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 but which may be sold. These are investments in listed equity instruments and listed unit trusts.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition/derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in 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 has expired or the Trust has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities held at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in the fair value recognised in the statement of comprehensive income.

- Fair value in an active market

The fair values of financial assets and liabilities traded in active markets are based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices at the reporting date, while financial liabilities are priced at current offer prices.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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.

(c) Net assets attributable to unitholders - Liability/Equity

Units are redeemable at the unitholders' option at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on redemption exit price) at the reporting date if unitholders exercised their right to redeem units in the Trust.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation:*

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Trust's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Trust, and it is not a contract settled in the Trust's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss and cannot be guaranteed.

As at 30 June 2017, net assets attributable to unitholders are classified as a financial liability. Effective from 30 June 2018, unitholders' funds have been reclassified from financial liability to equity as they satisfied all the above equity criteria, following the amendments to the Trust's Constitution on election into the AMIT regime.

2 Summary of significant accounting policies (continued)

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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 designated at fair value are classified as cash flows from investing activities, as movements in the fair value of these securities represent the Trust's investment activity.

(e) Investment income

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes. Any foreign exchange differences are recorded as a separate line item. Net gain from financial instruments at fair value through the profit or loss excludes any interest, dividend, distribution income and is recorded in accordance with the policies described in note 2(b).

Dividend income is recognised on the ex-dividend date when the right to receive payment is established with any related foreign withholding tax recorded as an expense. The Trust currently does not incur any withholding tax imposed by certain countries on investment income.

Distribution income is accrued when the right to receive payment is established.

(f) Expenses

All expenses, including management fees, are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, the Trust is not subject to income tax as all assessable income, exempt income and non-assessable income will be attributed to unitholders under the AMIT regime.

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/attributed so that the Trust is not subject to capital gains tax.

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

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

(h) Distributions

In accordance with the Trust's Constitution, the Trust distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(i) Change in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Where unitholder funds are classified as a liability, movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

2 Summary of significant accounting policies (continued)

(j) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as investment management fees have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at the rates of 75% and 55%, as applicable, on all investment management fees and other expenses. Accordingly, all relevant expenditure has 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 statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(k) Receivables

Receivables may include amounts for interest, dividends and trust distributions. Interest is accrued at the reporting date from the time of last payment. Dividends and trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Receivables may include amounts for RITC receivable from the ATO and application monies receivable from unitholders.

Trades are recorded on trade date, and normally settled within three business days. Sales of financial instruments and assets that are unsettled at the reporting date are included in receivables.

(l) Payables

Payables may include liabilities and accrued expenses owing by the Trust which are unpaid as at the reporting date.

Payables may include amounts for GST payable to the ATO and redemption monies payable to unitholders.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at the reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position when the right for unitholders to receive payment is established.

(m) Applications and redemptions

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

Unit redemption prices are determined by reference to the net assets of the Trust divided by the number of units on issue.

(n) Use of estimates

For the majority of the Trust'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 Responsible Entity, independent of the area that created them.

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. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Models are calibrated by back testing to actual transactions to ensure that outputs are reliable.

2 Summary of significant accounting policies (continued)

(n) Use of estimates (continued)

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

(o) Unit prices

Unit prices are determined in accordance with the Trust's Constitution and are calculated as the net assets attributable to unitholders of the Trust, less estimated costs, divided by the number of units on issue, on a forward pricing basis, as determined by the Responsible Entity.

(p) Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value per class. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Constitution and the *Corporations Act 2001*, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(q) New accounting standards and interpretations

In the Directors' opinion, there are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have had a material impact on the Trust's financial statements or accounting policies.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period. The Directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

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

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and liabilities. The current four categories of financial assets, stipulated in AASB 139 *Financial Instruments: Recognition and Measurement*, will be replaced with two measurement categories: fair value and amortised cost. AASB 9 only permits the recognition of fair value gains/(losses) in other comprehensive income if they relate to equity investments that are not held for trading (and this election is taken); or debt investments that meet the contractual cash flow characteristics test and is held in a business model of both collecting contractual cash flows and selling. The Trust does not expect any significant impact on the financial statements arising from an adoption of the standard.

(r) Rounding of amounts

The Trust is an entity of the kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand in accordance with that Instrument, unless otherwise indicated.

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

Net gains/(losses) recognised in relation to financial instruments held at fair value through profit or loss:

	30 June 2018	30 June 2017
	$'000	$'000
Designated at fair value	**3,805**	(5,801)
Net gains/(losses) on financial instruments held at fair value through profit or loss	**3,805**	(5,801)

4 Auditor's remuneration

The cost incurred for auditing the financial report of the Trust is paid directly by the Responsible Entity. The audit fees paid/payable by the Responsible Entity for the year were $4,300 (2017: $4,100).

5 Net assets attributable to unitholders - Equity/Liability

As stipulated within the Trust's Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights, preferences and restrictions attaching to it as all other units of the Trust.

Effective 30 June 2018, net assets attributable to unitholders was reclassified to equity from a financial liability. Refer to Note 1 for further details.

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

	30 June 2018 No. '000	30 June 2017 No. '000	**30 June 2018 $'000**	30 June 2017 $'000
Net assets attributable to unitholders - Wholesale class				
At 1 July - Opening Balance - Liability	**80,333**	92,570	**70,752**	87,088
Applications for units	**3,541**	4,999	**3,220**	4,639
Units issued upon reinvestment of distributions	**1,745**	1,354	**1,588**	1,270
Redemptions of units	**(19,247)**	(18,590)	**(17,393)**	(17,268)
Change in net assets attributable to unitholders	**-**	-	**3,639**	(4,977)
Reclassification due to AMIT tax regime implementation	**(66,372)**	-	**(61,806)**	**-**
At 30 June - Closing Balance - Liability	**-**	80,333	**-**	70,752
At 1 July - Opening Balance - Equity	**-**	-	**-**	-
Reclassification due to AMIT tax regime implementation	**66,372**	-	**61,806**	**-**
At 30 June - Closing Balance - Equity	**66,372**	-	**61,806**	-

5 Net assets attributable to unitholders - Equity/Liability (continued)

Capital risk management

Daily applications and redemptions are reviewed relative to the liquidity of the Trust's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Trust's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Trust monitors the level of daily applications and redemptions relative to the liquid assets in the Trust. Sufficient liquid assets are maintained within the Trust. Liquid assets include cash and cash equivalents and listed equity securities.

6 Distributions to unitholders

Timing of distributions

The distributions for the year were as follows:

	30 June 2018 $'000	**30 June 2018 CPU**	30 June 2017 $'000	30 June 2017 CPU
Distributions - Wholesale class				
Distributions paid - September	**547**	**0.72**	432	0.49
Distributions paid - December	**1,166**	**1.60**	560	0.65
Distributions paid - March	**555**	**0.79**	369	0.44
Distributions payable - June	**925**	**1.39**	742	0.92
	3,193		2,103	

The component of the final distribution for the year which was unpaid at the reporting date is shown in the statement of financial position.

7 Receivables

	30 June 2018 $'000	30 June 2017 $'000
Receivables		
Dividends receivable	**-**	315
Distributions receivable	**947**	622
Interest receivable	**2**	1
Applications receivable	**5**	7
GST receivable	**10**	7
Total receivables	**964**	952

8 Financial assets held at fair value through profit or loss

	30 June 2018 $'000	30 June 2017 $'000
Designated at fair value through profit or loss		
Equity securities	**10,612**	3,593
Listed unit trusts	**49,775**	66,069
Total designated at fair value through profit or loss	**60,387**	69,662
Total financial assets held at fair value through profit or loss	**60,387**	69,662

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in notes 11 and 12 respectively.

9 Payables

	30 June 2018 $'000	30 June 2017 $'000
Payables		
Accrued expenses	**3**	5
Amounts owing to the Responsible Entity	**40**	43
Redemptions payable	**2**	60
Total payables	**45**	108

10 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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 30 June 2018 there are no financial assets and financial liabilities that have been offset in the statement of financial position (2017: $Nil). As at 30 June 2018, the Trust has no netting arrangements which if applied would have a material impact on the disclosure of financial assets and liabilities.

11 Financial risk management

(a) Overview

The Trust's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Trust's overall risk management program focuses on ensuring compliance with the Trust's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. The Trust may use derivative financial instruments to alter certain risk exposures. The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The allocation of assets between the various types of financial instruments is determined by the Trust's Asset Manager who manages the Trust's assets to achieve the Trust's investment objectives.

11 Financial risk management (continued)

(a) Overview (continued)

Divergence from target allocations and the composition of the assets is monitored on a regular basis.

The Responsible Entity of the Trust is aware of the risks associated with the business of investment management. A financial risk management framework has been established to ensure that procedures and controls adequately manage the risks arising from current business activities. Central controls include (but are not limited to):

- clear policies and procedures covering operations;
- post trade investment compliance monitoring;
- segregation of the dealing and investment management function from the administration and settlement function;
- an independent service provider for the valuation of securities; and
- a compliance function with a separate reporting line from the Trusts' Management team.

As part of the risk management framework, the Responsible Entity is subject to regular reporting and committee meetings regarding risk and compliance issues. The purpose is to facilitate a flow of information between the Trust and the Responsible Entity's Board and Committees. Any material matters identified are promptly investigated and reported.

As part of its risk management strategy, the Trust may use derivatives including exchange traded derivatives, to manage exposures resulting from changes in index prices, equity risks and exposures arising from forecast transactions.

There are no changes in the strategies used to manage the financial risks from the previous reporting period.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Trust's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Trust is exposed to market risks influencing investment valuations. The Trust may utilise derivatives to manage this risk.

(i) Price risk

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Part (c) below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

The fund manager mitigates this price risk through diversification and a rigorous selection of securities and other financial instruments within specified limits set by the Board. Part (c) of this note summarises the impact of an increase/decrease of the S&P/ASX 200 A REIT Accumulation Index on the Trust's net assets attributable to unitholders at 30 June 2018. The analysis is based on the assumptions that the index increased by 10% (2017: 10%) and decreased by 10% (2017: 10%) with all other variables held constant and that the fair value of the Trust's portfolio of equity securities and derivatives moved according to the historical correlation with the index. The impact mainly arises from the possible change in the fair value of listed equities and listed unit trusts.

Daily monitoring of trade restrictions and derivative exposure against limits is undertaken with any breach of these limit restrictions reported.

11 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk

Trusts that invest in international assets are exposed to foreign exchange risk. Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Fund managers may enter into derivatives contracts (such as forwards, swaps, options and futures) through approved foreign exchange dealers to minimise risk. However, the use of these contracts must be consistent with the investment strategy and restrictions of the Trust, and agreed acceptable level of foreign exchange risk.

The Trust holds no direct investment in international assets hence currency risk is not considered to be significant to the Trust. This may not necessarily indicate the total effect on the Trust's net assets attributable to unitholders of future movements in foreign exchange rates.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Trust's financial instruments are non-interest bearing with only cash and cash equivalents being directly subject to interest rate risk.

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders to price risk for financial assets and liabilities held at balance date. The possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Trust's investments with the relevant benchmark, which is the S&P/ASX 200 A REIT Accumulation Index. 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 in which the Trust invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Impact on operating profit/Net assets attributable to unitholders	
	Price risk	
	-10%	**+10%**
	$'000	**$'000**
30 June 2018	**(3,731)**	**3,631**
30 June 2017	(4,420)	4,420

(d) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Trust to incur a financial loss.

Credit risk is not considered to be significant to the Trust as the Trust does not hold any direct investments in debt securities or have significant receivables.

11 Financial risk management (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due.

The Trust's product disclosure statement provides for daily redemption of units and it is therefore exposed to liquidity risk of meeting unitholders' redemption at any time.

This risk is controlled through the Trust investing the majority of its assets in investments that are traded in an active market and investing only a limited proportion of its assets in investments not actively traded on a stock exchange.

The Trust's investments are considered to be readily realisable.

The investment management process includes the consideration of liquidity, both in terms of market quality and cash flow. In asset construction, securities/investments (including derivatives) are only purchased that meet investment criteria and this includes the assessment of saleability in different market conditions. Before entering into a transaction, consideration is given (among others):

- whether the purpose of the investment is consistent with the investment strategy of the Trust;
- the ease of selling the security should market conditions change unfavourably;
- whether there are sufficient assets to cover the underlying liabilities of that transaction; and
- the overall liquidity level for the Trust.

Under the terms of its Constitution, the Trust has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

Maturity analysis for financial liabilities

Financial liabilities of the Trust comprise trade and other payables and distributions payable. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

12 Fair value measurement

(a) Fair value estimation

All financial assets and financial liabilities included in the statement of financial position are carried at recurring fair value.

The carrying amounts of the Trust's financial assets and financial liabilities at the end of each reporting period are equivalent to their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

The Trust values its investments in accordance with the accounting policies set out in note 2. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair value for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

12 Fair value measurement (continued)

(a) Fair value estimation (continued)

(b) Fair value hierarchy

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which an asset or liability is categorised is determined on the basis of the lowest level of input that is significant to the measurement as a whole. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, it is classified as a level 3 measurement. Assessing the significance of a particular input to the fair value measurement as a whole requires judgement and consideration of factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below set out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy.

30 June 2018

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets designated at fair value through profit or loss:				
Equity securities	**10,612**	**-**	**-**	**10,612**
Listed unit trusts	**49,775**	**-**	**-**	**49,775**
Total	**60,387**	**-**	**-**	**60,387**

12 Fair value measurement (continued)

(b) Fair value hierarchy (continued)

30 June 2017

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets designated at fair value through profit or loss:				
Equity securities	3,593	-	-	3,593
Listed unit trusts	66,069	-	-	66,069
Total	69,662	-	-	69,662

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and listed unit trusts.

13 Related party transactions

(a) Responsible entity

The Responsible Entity of SG Hiscock Property Fund (formerly known as 'SG Hiscock Wholesale Property Fund') is Fidante Partners Services Limited whose immediate parent company is Challenger Funds Management Holdings Pty Limited and ultimate parent company is Challenger Limited.

(b) Key management personnel

(i) Directors

Key management personnel includes persons who were Directors of Fidante Partners Services Limited at any time during the financial year and up to the date of the report as follows:

T Bofinger (appointed 1 July 2018)
A Collins
A Murphy
I Saines
A Tobin
R Willis (resigned 30 June 2018)

(ii) Other key management personnel

The Responsible Entity is considered to be the key management personnel with authority for the strategic direction and management of the Trust.

(c) Key management personnel unitholdings

At 30 June 2018 no key management personnel held units in the Trust (2017: Nil).

(d) Key management personnel compensation

No amount is paid by the Trust directly to the Directors of the Responsible Entity.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed below.

13 Related party transactions (continued)

(e) Responsible Entity's fees and other transactions

Under the terms of the Trust's Constitution, the Responsible Entity is entitled to receive management fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Trust as follows:

(i) 0.78% (2017: 0.78%) of Wholesale class.

These fees are inclusive of GST, net of RITC available to the Trust per annum.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Trust and the Responsible Entity were as follows:

	30 June 2018	30 June 2017
	$	$
Management fees for the year paid by the Trust to the Responsible Entity	**468,947**	589,665
Aggregate amounts payable to the Responsible Entity at the end of the reporting period	**39,927**	43,327

Related party unitholdings

Parties related to the Trust (including Fidante Partners Services Limited, its related parties and other schemes managed by Fidante Partners Services Limited), held units in the Trust as follows:

30 June 2018

Unitholder	**No. of units held opening**	**No. of units acquired**	**No. of units disposed**	**No. of units held closing**	**Interest held**	**Distributions paid/payable by the Trust**
	(Units)	**(Units)**	**(Units)**	**(Units)**	**(%)**	**($)**
SG Hiscock Professional Property Fund	**40,677,017**	**1,665,373**	**(8,894,341)**	**33,448,049**	**50.39**	**1,606,674**
Total	**40,677,017**	**1,665,373**	**(8,894,341)**	**33,448,049**	**50.39**	**1,606,674**

30 June 2017

Unitholder	No. of units held opening	No. of units acquired	No. of units disposed	No. of units held closing	Interest held	Distributions paid/payable by the Trust
	(Units)	(Units)	(Units)	(Units)	(%)	($)
SG Hiscock Professional Property Fund	46,708,333	2,159,074	(8,190,390)	40,677,017	50.64	1,061,926
Total	46,708,333	2,159,074	(8,190,390)	40,677,017	50.64	1,061,926

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

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

	30 June 2018 $'000	30 June 2017 $'000
Net profit/(loss) attributable to unitholders	**6,832**	(2,874)
Net (gains)/losses on financial instruments held at fair value through profit or loss	**(3,805)**	5,801
Net change in receivables and other assets	**(14)**	326
Net change in payables and other liabilities	**(3)**	(7)
Net cash inflow from operating activities	**3,010**	3,246

(b) Components of cash and cash equivalents

Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

Cash at bank	**1,425**	988
Cash and cash equivalents	**1,425**	988

(c) Non-cash investing and financing activities

Reinvestment of unitholder distributions	**1,588**	1,270

15 Events occurring after the reporting period

No significant events have occurred since the reporting date which would impact on the financial position of the Trust as at 30 June 2018 or on the results and cash flows of the Trust for the year ended on that date.

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2018 (2017: $Nil).

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 7 to 25 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Trust's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;

(b) the financial statements and notes comply with International Financial Reporting Standards as disclosed in note 2(a); and

(c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

On behalf of the Board of Fidante Partners Services Limited.

A Collins
Director

Sydney
12 September 2018

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Independent Auditor's Report to the unitholders of SG Hiscock Property Fund

Opinion

We have audited the financial report of SG Hiscock Property Fund (the "Trust"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in unitholder funds and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of SG Hiscock Property Fund is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the SG Hiscock Property Fund's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The directors of Fidante Partners Services Limited as the Responsible Entity of the Trust (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 for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Trust'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 Trust 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 Responsible Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Building a better
working world

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

Rita Da Silva

Rita Da Silva
Partner
Sydney
12 September 2018

Directory

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AFSL 320505

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Auditor
For the Responsible Entity and the Trust
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