Appendix 4D
Half year report

1. Company details

Name of entity

Ante Real Estate Trust

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
ARSN 114 494 503	31 Dec 2017	31 Dec 2016

2. Results for announcement to the market

			%		$000's
2.1	**Revenues from ordinary activities**	Increase	12.61	to	1,491
2.2	**Net profit from ordinary activities after tax attributable to members****	Decreased	87.41	to	(2,382)
2.3	**Net profit for the period attributable to members***	Decreased	87.41	to	(2,382)

		Amount per security	Franked amount per security
2.4	**Dividends**		
	No dividends were declared during period	Nil	Nil

2.5 Record date for determining entitlements to the final dividend.

N/A

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

2. Results for announcement to the market (continued)

Refer to the attached interim Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flows at Attachment 1 for further details.

3. Net Tangible Assets per Unit

Net Tangible Assets per unit	31 December 2017 $ per unit	30 June 2017 $ per unit	Change %
Net Tangible Assets	($0.12)	($0.02)	(500%)

4. Entities over which control has been gained or lost during the period

No control has been gained or lost over another entity during the period

5. Details of distributions

No distributions have been declared or were payable for the period.

6. Details of distribution reinvestment plans in operation

N/A

7. Details of associates and joint ventures

N/A

8. Accounting standards used for foreign entities

The Trust is an investor in real property in the USA and is reviewing opportunities in Australasia. The financial statements of the Trust have been prepared in accordance with Australian Accounting Standards ("AASB's") which comply with International Financial Reporting Standards ("IFRS").

9. Description of audit dispute or qualification

The financial report is based on accounts which have been reviewed by Pitcher Partners for the reporting period of six months to 31 December 2017 and included and emphasis of matter.

Ante Real Estate Trust

ARSN 114 494 503

Interim Financial Report
for the six months ended 31 December 2017

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2017 and in accordance with the continuous disclosure requirements of the Corporations Act 2001.

ANTE REAL ESTATE TRUST
ARSN 114 494 503

Directors' report

The Directors of Quattro RE Limited (**"Quattro"** or "**Responsible Entity**"), the Responsible Entity for the Ante Real Estate Trust ("**ATT**" or "**the Trust**") (formally Real Estate Capital Partners USA Property Trust) (ASX: ATT) present their report together with the interim condensed consolidated financial statements of the Consolidated Entity for the reporting period of six months ended 31 December 2017 and the independent auditor's review report thereon.

The Consolidated Entity comprises the Trust and the entities it controlled during the financial period. The Trust became a registered managed investment scheme under the *Corporations Act 2001* on 26 May 2005.

Responsible Entity
The Responsible Entity has carried out the investment management function engaging specialist asset management services relevant to the remaining USA property asset of the Trust and expert consultants to assist in the review, implementation and management of the asset and Trust as required.

Directors
The Directors of the Responsible Entity during or since the end of the reporting period are:

Antony Wood	(Appointed 28 November 2014)
Andrew Saunders	(Appointed 7 October 2014)
Peter Chai	(Appointed 17 April 2017)

The Directors consider that because the majority of Directors during or since the end of the reporting period were non-executive and independent, an adequate segregation of responsibilities has applied during the reporting period between the investment management functions and corporate governance functions of the Trust.

Principal activity
The Trust is a registered managed investment scheme domiciled in Australia. The principal activity of the Consolidated Entity during the reporting period was property investment in the United States of America ("**USA**") and reviewing opportunities in Australasia. There were no significant changes in the nature of the Consolidated Entity's activities during the reporting period. The Trust and the Consolidated Entity did not have any employees during the reporting period.

Results and distributions
The Consolidated Entity's loss for the six months ended 31 December 2017 was $2,382,000 (31 December 2016: loss $1,271,000). The loss was largely attributable to a negative fair value movement of $1,210,000 (2016: $1,249,000) recognised in the current period on the investment property and an increase in the borrowing costs incurred from the funding provided by the equity funding package disclosed in the 30 June 2017 Annual Financial Report and Explanatory Memorandum dated 5 December 2017 for the Extraordinary General Meeting held on 8 January 2018.

In accordance with the strategy of minimising the Trust's operating costs, other operating expenses for the half year were reduced to $380,000 compared with $381,000 for the previous corresponding period.

No distributions have been paid or are payable in respect of the current or immediately preceding corresponding period and the Directors of the Responsible Entity do not recommend the payment of a distribution.

Directors' report (continued)

Foreign exchange movements
As nearly all of the Trust's assets and liabilities are denominated in US$ and the Trust's earnings are generated in US$, movements in the US$/A$ exchange rate have a material impact on the Trust's NTA and its earnings.

During the course of the period the A$ appreciated against the US$ from a spot rate of $0.7692 at 30 June 2017 to a spot rate of $0.7800 at 31 December 2017. The Trust's Statement of Financial Position is prepared using predominately the spot rate at 31 December 2017.

From an earnings perspective the average A$/US$ exchange rate for the 6 month period was $0.7791 compared with the average exchange rate over the prior corresponding 6 month period of $0.7546. The Trust's Statement of Profit or loss and other Comprehensive Income are prepared using predominately the average exchange rate over the period.

Review of operations

Fund update and 1700 W Higgins, Chicago (Higgins)
The Higgins property has been refurbished and repositioned to a class A1/B+ property with these works being predominately funded by ATT's lender from loan proceeds and reserves.

The Responsible Entity considers that continued leasing of the property and attaining a stabilised occupancy rate in the target range of 80% to 90%, will position ATT to realise the embedded added value in Higgins, which forms a key focus of the Trust's strategy. The occupancy at 31 December 2017 was 69%.

Higgins is subject to a loan of US$17,000,000, which is a modified loan as noted in the financial statements (the Higgins loan). The Higgins loan matured 1 March 2017 and on 28 July 2017 the Higgins loan was further modified and the maturity date was extended to 1 March 2019.

The extension of the maturity date of the Higgins loan to 1 March 2019 will provide additional time to reach the target occupancy range of 80% to 90%, realise the embedded value in Higgins and dispose of the asset.

As at 30 June 2017, the Higgins asset was valued independently at US$15,900,000 comprising the office asset at US$12,900,000 and the Billboard asset at US$3,000,000

An independent valuer has valued the office asset at US$18,000,000 at a stabilised occupancy of 90% excluding the billboard asset. A separate independent valuer has valued the billboard assets. This, together with the US$3,000,000 attributable to the billboard asset makes a total stabilized valuation for the Higgins asset of US$21,000,000.

Directors' report (continued)

Capital management and other funding initiatives

As part of the Higgins loan modification to extend the maturity of the Higgins loan to 1 March 2019, the Trust also entered into an equity funding package as announced to the ASX on 1 August 2017.

The equity funding package resulted in the issue of 7,691,521 A Units on 9 January 2018 as detailed in the Notice of Meeting dated 5 December 2017. As at 31 December 2017 the amount relating to the issue of the A Units is shown in note 8 as Non bank subordinated loan.

As at the date of this report the Non bank subordinated loan had an outstanding balance (including accrued interest) of $12,591,000. The funds drawn on the Non bank subordinated loan have been used for the Higgins loan modification, working capital purposes, and to fund the initial deposit for a new acquisition announced on 12 February 2018.

Events subsequent to the end of the reporting period

On 12 February 2018 the Trust announced that in accordance with the investment strategy set out in the Notice of Meeting for the Extraordinary General Meeting held on 8 January 2018, it had unconditionally acquired 1-3 Albert Street, Auckland for NZ$45,000,000.

1-3 Albert Street is a 20 level 8,435sqm office property located in a prime CBD location immediately opposite Auckland's newest landmark project, the NZ$1bn premium grade Commercial Bay office and retail development, which is due for completion in 2019. Presently, office rents at the property are NZ$220sqm net, whereas the office rents for Commercial Bay exceed NZ$700sqm net. The property offers the opportunity, following refurbishment, to significantly improve office rents, deliver an attractive total return and create value for unitholders.

The acquisition is being funded by a debt facility from a local bank and from the Non bank subordinated loan as short term bridge financing. In due course, the Trust expects to repay Non Bank subordinated loan/bridge financing through the proceeds of a fully underwritten renounceable entitlement offer to ordinary unitholders. An update on the funding and the entitlement offer will be provided in due course.

On 9 January 2018, the Trust announced that unitholders of ATT passed all the resolutions set out in the Notice of Meeting dated 5 December 2017 at the Extraordinary General Meeting held at 4:30pm on Monday, 8 January 2018 including the issue of the 7,691,521 A Units.

Directors' report (continued)

Business strategies and Prospects

The continuing business strategies of the Trust predominantly fall into three streams:

1. Actively manage the cashflow of the Trust to enable the successful lease up and stabilization of the Higgins asset so that its value can be realised.
2. Implement, if appropriate, a transaction or transactions which may result in the gap between the Trust's unit price and NTA reducing. This may include but is not limited to marketing the Trust to potential sources of equity to assist to fund appropriate property acquisition opportunities, disposing of the Higgins asset once it has reached a stabilized occupancy level and returning the capital to unit holders, or marketing the Trust to potential takeover suitors.

The risks to the business strategies and prospects include commercial risks such as the identification of suitable assets, the sourcing of appropriate equity and debt finance, foreign exchange risk, taxation risk and in particular the depletion of cash reserves in the event that the Trust is unable to implement or execute one or more the above business strategies.

Going concern

The consolidated interim financial report of the Trust has been prepared on a going concern basis which contemplates continuity of normal business activities and the realization of assets and the settlement of liabilities in the normal course of business. This approach should be carefully considered in the context of the following information:

Working capital

The consolidated interim statement of financial position discloses that the Consolidated Entity had a deficiency of working capital (being the amount of payables in excess of cash and cash equivalents and trade and other receivables) of $2,467,000 (30 June 2017: $2,382,000). Included in payables are the amounts payable to the Responsible Entity and Zerve Pty Ltd of $227,000 (30 June 2017: $454,000), rent received in advance of $11,000 (30 June 2017: $21,000) and accrued real estate taxes of $721,000 (30 June 2017: $790,000). These amounts, which total $959,000 (30 June 2017: $1,265,000) are not immediately payable or refundable to tenants, and accordingly, once excluded from the calculation, the Consolidated Entity's deficiency of working capital would be reduced to $1,508,000 (30 June 2017: $1,117,000).

The Consolidated Entity currently does not receive consistent or sufficient cash income. The Consolidated Entity continues to require additional cash to settle its ongoing operating expenses and accordingly, will require additional financing and capital to meet these obligations as is currently being finalised with the entitlement offer. The available cash and cash equivalent balances as at 31 December 2017 were $128,000 (30 June 2017: $1,000).

Directors' report (continued)

Cashflow budgets
The Responsible Entity has prepared cash flow budgets through to 28 February 2019 which indicates that the Consolidated Entity will have sufficient funds to meet its short term working capital and financing requirements.

Conclusion
The Directors of the Responsible Entity have determined that because the cash flow budgets prepared above indicate that there are reasonable grounds to consider that the Consolidated Entity will be able to pay its debts as and when they become due and payable, that the preparation of the financial report on a going concern basis to be appropriate. However, if the Responsible Entity is unable to execute its strategy and critical assumptions as planned and cash flow projections are not achieved, there is significant uncertainty that the Trust would be able to meet its financial obligations as and when they fall due and continue as a going concern and as such the Consolidated Entity may be required to realise assets which may be at amounts less than that stated in the financial statements.

Interest of the Responsible Entity
As at 31 December 2017, there were nil units held by the Responsible Entity (31 December 2016: nil units) in trust.

Mr Andrew Saunders and his associates hold 3,412,964 units in the Trust.

Responsible Entity fees, related party fees and other transactions
Except as disclosed in this report or in the notes to the consolidated financial statements, no Director of the Responsible Entity has received or become entitled to receive any benefit because of a contract made by the Responsible Entity or a related entity with a Director or with a firm of which a Director is a member or with an entity of which a Director of the Responsible Entity has a substantial interest. Directors of the Responsible Entity are paid directors' fees by the Responsible Entity from its own resources.

All transactions with related parties are conducted on commercial terms and conditions.

Costs incurred by the Responsible Entity in managing the Trust include the cost of advisers to provide the fund management, asset management, legal, accounting and other services. These costs are included in expense recoveries.

		6 months ended 31 December	
		2017	2016
		$	$
Transactions with related parties - Consolidated			
Charged by the Responsible Entity			
• management fees	(see i below)	39,000	45,000
• expense recoveries	(see ii below)	99,215	120,000
Charged by Zerve Pty Limited			
US asset management fees		-	39,591
Subordinated loan interest		35,580	38,354
		173,795	**242,945**

Directors' report (continued)

Notes relating to both periods – 6 months ended 31 December 2017 and 2016

I. Responsible Entity fees are calculated on the following basis:
   - 3% of the effective gross income of the Trust in accordance with the Trust's Constitution

II. Expense Recoveries have been adjusted to reflect trust expenses previously paid direct by ATT which are now being paid as expense recoveries.

Lead auditor's independence declaration

The lead auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 7 and forms part of this Directors' Report for the period ended 31 December 2017.

Rounding off

The Trust and Consolidated Entity are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Class Order, amounts in the financial report and the Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Responsible Entity:

Andrew Saunders
Director
Sydney, 28 February 2018

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 9223 1762

www.pitcher.com.au
partners@pitcher-nsw.com.au

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF QUATTRO RE LIMITED, AS RESPONSIBLE ENTITY OF ANTE REAL ESTATE TRUST

I declare that, to the best of my knowledge and belief there has been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

M A GODLEWSKI
Partner

PITCHER PARTNERS

Sydney

28 February 2018

Condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended 31 December 2017	Note	Consolidated 31 December 2017	31 December 2016
		$'000	$'000
Revenue and other income			
Rental income from investment properties		834	740
Recoverable outgoings from investment properties		626	604
Other income		(1)	-
Net gain on foreign exchange		32	(20)
Total revenue and other income		1,491	1,324
Expenses			
Property expenses		762	916
Responsible Entity fees	11	39	45
Custodian fees		8	6
Borrowing costs		1,577	810
Other operating expenses		380	381
Total expenses		2,766	2,158
Change in fair value of investment property	7	(1,210)	(1,249)
Change in fair value of financial liability	8	103	812
Profit/(loss) for the period before income tax		(2,382)	(1,271)
Income tax		-	-
Profit/(loss) for the period		(2,382)	(1,271)

Continued on page 9

The condensed consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated interim statement of profit or loss and other comprehensive income for the six December 2017	Note	Consolidated 31 December 2017 $'000	Consolidated 31 December 2016 $'000
Profit/(loss) for the period		(2,382)	(1,271)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		(23)	65
Total other comprehensive income/(loss)		(23)	65
Total comprehensive profit/(loss) for the period		(2,405)	(1,206)
Total comprehensive profit/(loss) for the period attributable to unitholders		(2,405)	(1,206)
Earnings per unit for profit attributable to the ordinary equity holders of the trust		**Cents**	**Cents**
Basic and diluted earnings/(loss) per unit	9	(10.28)	(6.23)

The condensed consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated interim statement of changes in equity
for the six months ended 31 December 2017

Consolidated Entity	**Issued capital $'000**	**Translation reserve $'000**	**Accumulated losses $'000**	**Total equity $'000**
2016				
Balance at 30 June 2016	203,832	3,875	(205,833)	1,874
Total comprehensive income for the period				
Profit for the period	-	-	(1,271)	(1,271)
Translation of foreign operations	-	65	-	65
Total comprehensive income for the period	-	65	(1,271)	(1,206)
Transactions with owners, recorded directly in equity				
Units issued	534	-	-	534
Total transactions with owners	534	-	-	534
Balance at 31 December 2016	**204,366**	**3,940**	**(207,104)**	**1,202**
2017				
Balance at 30 June 2017	204,361	3,783	(208,635)	(491)
Total comprehensive income for the period				
Loss for the period	-	-	(2,382)	(2,382)
Translation of foreign operations	-	(23)	-	(23)
Total comprehensive income for the period	-	(23)	(2,382)	(2,405)
Transactions with owners, recorded directly in equity				
Units issued	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 31 December 2017	**204,361**	**3,760**	**(211,017)**	**(2,896)**

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

Condensed consolidated interim statement of financial position as at 31 December 2017	Note	Consolidated 31 December 2017 $'000	Consolidated 30 June 2017 $'000
Assets			
Current assets			
Cash and cash equivalents		128	1
Trade and other receivables	4	2	6
Other assets	5	4,287	113
Total current assets		4,417	120
Non-current assets			
Investment properties	7	20,279	17,169
Other assets	5	2,855	1,595
Total non-current assets		23,134	18,764
Total assets		27,551	18,884
Liabilities			
Current liabilities			
Trade and other payables	6	2,597	2,266
Non bank subordinated loan	8	4,816	1,636
Financial liabilities, at fair value		-	15,350
Total current liabilities		7,413	19,252
Non-current liabilities			
Financial liabilities, at fair value	8	15,138	-
Trade and other payables	6	121	123
Non bank subordinated loan	8	7,775	-
Total non-current liabilities		23,034	123
Total liabilities		30,447	19,375
Net assets		(2,896)	(491)
Equity			
Issued capital		204,361	204,361
Reserves		3,760	3,873
Accumulated losses		(211,017)	(208,635)
Total equity		(2,896)	(491)

The condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated interim statement of cash flows for the six months ended 31 December 2017

	Consolidated	
	31 December 2017	31 December 2016
	$'000	$'000
Cash flows from operating activities		
Receipts in the course of operations	1,378	1,239
Payments in the course of operations	(2,750)	(2,328)
Payments of interest and other borrowing costs	(431)	(463)
Net cash used in operating activities	(1,803)	(1,552)
Cash flows from investing activities		
Payment for deposit on investment property	(4,199)	-
Payments for improvements to investment properties and reserves	(4,428)	(181)
Transfer funds to capital reserve	37	455
Net cash from/(used in) investing activities	(8,590)	274
Cash flows from financing activities		
Proceeds from borrowings	11,920	762
Repayment of borrowings	(1,395)	-
Proceeds from issue of units	-	560
Net cash from financing activities	10,525	1,322
Net increase/(decrease) in cash and cash equivalents	132	44
Cash and cash equivalents at 1 July 2017	1	24
Effect of exchange rate fluctuations on cash held	(5)	(22)
Cash and cash equivalents at 31 December 2017	**128**	**46**

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

Notes to the condensed consolidated interim financial statements for the six months ended 31 December 2017

1. Reporting entity

Ante Real Estate Trust (the "**Trust**"), is a registered managed investment scheme under the *Corporations Act 2001*. The condensed consolidated interim financial report of the Trust as at and for the reporting period of six months ended 31 December 2016 comprises the Trust and its subsidiaries (together referred to as the "**Consolidated Entity**" and individually as "**Group entities**"). The principal activities of the Consolidated Entity during the financial period were the derivation of rental income from an investment property located in the United States of America ("**USA**").

The responsible entity of the Trust is Quattro RE Limited (the "**Responsible Entity**" or "**Quattro**").

2. Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial report is a general purpose condensed financial report which has been prepared for a for-profit entity for the reporting period ended 31 December 2017 and which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The consolidated interim financial report does not include all of the information required for an annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2017 and the ASX announcements released during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Australian Dollars and all values are rounded to the nearest thousand dollars ($'000) except where otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.The condensed financial report has also been prepared on a historical cost basis, except for investment properties and loans designated at fair value through profit and loss, which have been measured at fair value.

The financial statements were approved by the Directors of the Responsible Entity on 28 February 2018.

(b) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In preparing the condensed consolidated interim financial statements, the judgements made by the Responsible Entity in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2017.

2. Basis of preparation (continued)

(c) Going concern

The preparation of financial statements on a going concern basis contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

Working capital

The consolidated interim statement of financial position discloses that the Consolidated Entity had a deficiency of working capital (being the amount of payables in excess of cash and cash equivalents and trade and other receivables) of $2,467,000 (30 June 2017: $2,382,000). Included in payables are the amounts payable to the Responsible Entity and Zerve Pty Ltd of $227,000 (30 June 2017: $454,000), rent received in advance of $11,000 (30 June 2017: $21,000) and accrued real estate taxes of $721,000 (30 June 2017: $790,000). These amounts, which total $959,000 (30 June 2017: $1,265,000) are not immediately payable or refundable to tenants, and accordingly, once excluded from the calculation, the Consolidated Entity's deficiency of working capital would be reduced to $1,508,000 (30 June 2017: $1,117,000).

The Consolidated Entity currently does not receive consistent or sufficient cash income. The Consolidated Entity continues to require additional cash to settle its ongoing operating expenses and accordingly, will require additional financing and capital to meet these obligations as is currently being finalised with the entitlement offer. The available cash and cash equivalent balances as at 31 December 2017 were $128,000 (30 June 2017: $1,000).

Cashflow budgets

The Responsible Entity has prepared cash flow budgets through to 28 February 2019 which indicates that the Consolidated Entity will have sufficient funds to meet its short term working capital and financing requirements.

Conclusion

The Directors of the Responsible Entity have determined that because the cash flow budgets prepared above indicate that there are reasonable grounds to consider that the Consolidated Entity will be able to pay its debts as and when they become due and payable, that the preparation of the financial report on a going concern basis to be appropriate. However, if the Responsible Entity is unable to execute its strategy and critical assumptions as planned and cash flow projections are not achieved, there is significant uncertainty that the Trust would be able to meet its financial obligations as and when they fall due and continue as a going concern and as such the Consolidated Entity may be required to realise assets which may be at amounts less than that stated in the financial statements.

3. Significant accounting policies

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Consolidated Entity's annual financial statements as at 30 June 2017.

4. Trade and other receivables

	Consolidated 31 December 2017 $'000	Consolidated 30 June 2017 $'000
Trade receivables	-	-
Other receivables	2	6
	2	**6**

5. Other assets

	Consolidated 31 December 2017 $'000	Consolidated 30 June 2017 $'000
Current		
Prepaid expenses	77	85
Withholding tax receivable	11	28
Property deposit (1-3 Albert St, Auckland)	4,199	-
	4,287	**113**
Non-current		
Property related deposits*	2,855	1,595
	2,855	**1,595**

* Property related deposits are comprised of tenant improvement reserves, capital replacement reserves, insurance escrows and real estate taxes escrows held in the United States.
Property related deposits relating to the Higgins property are classified as non-current assets to align with the non-current asset classification of the property.

6. Trade and other payables

	Consolidated 31 December 2017 $'000	Consolidated 30 June 2017 $'000
Current		
Payable to the Responsible Entity/Zerve Pty Ltd	35	454
Trade payables	1,775	924
Tenants' security deposits	121	123
Rent received in advance	11	21
Accrued real estate taxes	721	790
Accrued interest payable	87	777
GST payable (receivable)	(32)	-
	2,718	**2,389**

7. Investment properties

	Consolidated	
	31 December 2017 $'000	30 June 2017 $'000
Non- current		
Investment properties – at fair value	20,279	17,169
	20,279	**17,169**
The movement in the carrying amount is reconciled as follows:		
Carrying amount at the beginning of the year	17,169	18,987
Lease straight-lining	141	40
Improvements to investment properties (including tenant incentives)	3,555	443
Deferred leasing costs	845	-
Gain due to foreign currency translation	(242)	(634)
Fair value decrement of investment properties	(1,189)	(1,667)
Carrying amount at the end of the period	**20,279**	**17,169**
Comprising of:		
Deferred rental income	1,325	1,201
Deferred leasing costs	844	
Fair value of properties (excluding straight-lining)	18,110	15,968
	20,279	**17,169**

The fair value of investment property (including straight-lining) at 31 December 2017 is as set out in the following table. Amounts are presented in both A$ and US$ for comparative purposes.

Property	**31 December 2017 US$'000**	**31 December 2017 A$'000**	**30 June 2017 US$'000**	**30 June 2017 A$'000**
Higgins, Illinois	15,817	20,279	13,206	17,169
	15,817	**20,279**	**13,206**	**17,169**

Measurement of fair value

Investment properties are measured at fair value with any change therein recognised in profit or loss.

(i) Fair value hierarchy

The Trust has an internal valuation process for determining the fair value at each reporting date. An independent valuer, having an appropriate professional qualification and recent experience in the location and category of the property being valued, values individual properties annually or more regularly if considered appropriate. These external valuations are taken into consideration by the Directors of the Responsible Entity when determining the fair values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgably, prudently and without compulsion.

An independent valuation of the Higgins property was conducted as at 30 June 2017 by Colliers International.

The fair value measurement for investment property of $20,279,000 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 7(ii) below).

7. Investment properties (continued)

(ii) Level 3 fair value

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

	$'000
Balance at the beginning of the year	17,169
Items included in profit and loss	
• Change in fair value of investment property	(1,189)
• Rental income (Lease straight lining)	141
Item included in other comprehensive income	
• Gain (loss) due to foreign currency translation	(242)
• Improvements to investment properties	3,555
• Deferred leasing costs	845
Balance at the end of the year	**20,279**

7. Investment properties (continued)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of the net cash flows to be generated from the property, taking into account expected rental growth rate, vacancy periods, occupancy rate, lease incentive costs such as rent free periods and other costs not paid for by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the determination of an appropriate discount rate takes into consideration the quality and location of the building, tenant credit quality and lease terms.	• Expected market rental growth: 3.0% p/a • Current occupancy of 69%, assumed occupancy of 88% based on pending leases, and stabilized occupancy of 91% • Total lease up period of 35 months. Average absorption per month of 483sft • Vacancy period between leases: 6-9 months • Vacancy factor and credit loss: 9% commencing in years 3 once property has reached stabilised occupancy • Risk adjusted discount rate: 8.5%.	The estimated fair value would increase/(decrease) if: • Expected market rental growth was higher/(lower) • The current occupancy rate was higher/(lower) • The lease up or absorption period of the vacant space was shorter/(longer) • The vacancy periods between leases was shorter/(longer) • The vacancy factor is lower/(higher) • The stabilized occupancy is higher/(lower) • The risk adjusted discount rate was lower/(higher)

8. Financial liabilities

	Consolidated 31 December 2017 $'000	Consolidated 30 June 2017 $'000
Current		
Other borrowings – non bank subordinated loan	4,816	1,636
Bank loans – secured at fair value	-	15,350
Total loans and borrowings	**4,816**	**16,986**
	$'000	**$'000**
Non-current		
Bank loans – secured at fair value	15,138	-
Other borrowings – non bank subordinated loan	7,775	-
Total loans and borrowings	**22,913**	**-**

Material terms and conditions

Bank Loans

Higgins Loan Modification 28 July 2017

On 28 July 2017 the Higgins loan was further modified with the maturity date extended to 1 March 2019. Key terms of the new modified loan are:

- Borrower to pay a US$110,000 Modification Fee which was paid on 28 July 2017.
- Borrower to make additional new equity contributions of US$3,450,000 of which US$2,050,000 was made on 28 July 2017 and US$1,400,000 was made on 30 September 2017.
- All existing equity contributions and additional new equity contributions accrue a 10% p.a. cumulative coupon. The coupon is payable on a sale or refinance of the property.
- The additional new equity contributions are added to the existing capital reserve account and used for the purpose of paying for leasing, tenant incentives, capital works and building improvements. The Borrower will not be required to make any further additional new equity contributions to the capital reserve account other than the US$3,450,000 noted above, but is entitled to make further additional new equity contributions of up to US$2.0 million.
- The existing capital reserve account balance of US$2,855,000 can be drawn for the purpose of paying for leasing, tenant incentives, capital works and building improvements.
- The property cannot be sold or refinanced prior to 15 December 2018. If the property is sold or refinanced between 15 December 2018 and the maturity date and no event of default has occurred, the capital event waterfall is first to the A note holder (the lender) of principal and any unpaid interest; secondly in repayment of all the Borrower's equity contributions to the capital reserve plus accrued coupon; thirdly to lender for A note accrued default rate interest, late fees and deferred amounts; fourthly 50:50 between the B Note holder up to an amount equal to the B note and interest accrued (including default rate interest) on the B note and the Borrower, and hereafter to the Borrower (**"capital event waterfall"**).
- The modification is personal to the Borrower and cannot be passed on to third parties.
- There are no financial covenants in respect of the modified loan.

8. Financial liabilities (continued)

Other borrowings (Non bank subordinated loan)
The key terms of the Non Bank Loan are as follows:

a) Drawn amount: $12,054,938 (excluding accrued capitalised interest)
b) Repayment date is the earliest of the following dates:

1. Higgins sub limit of $7,401,422 and accrued interest final date:
   - The date of completion of the sale of Higgins
   - Issuance of A Units per Notice of Meeting and unitholder meeting held on 8 January 2018 and
   - 30 June 2019.
2. NZ sub limit of $4,653,516 and accrued interest final date:
   - Five days post settlement of the next renounceable entitlement offer to unitholders of ATT and
   - 31 May 2018

c) Interest rate of 20% p/a accrued monthly and capitalised.

Financial liability fair values
Determination of fair value
The fair value of the Higgins loan has been determined as the amount which would be payable under the capital event waterfall - (substituting the 31 December 2017 fair value of the property see Note 7 above) as a proxy for the sale proceeds received. Directors of the Responsible Entity consider the book value of the Higgins secured loan to be a reasonable approximation of fair value.

Fair value hierarchy
AASB 13 – Fair Value Measurement requires the disclosure of fair value measurements in accordance with the following fair value measurement hierarchy:

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

Directors of the Responsible Entity consider the Higgins loan fair value to be determined in accordance with Level 3 measurements.

The table below analyses financial instruments measured at fair value at the end of reporting period by the level in the fair value hierarchy in to which the fair value measurement is categorised:

As at 31 December 2017	**Level 3 $'000**	**Total $'000**
Financial liabilities at fair value through profit or loss		
Bank loans (secured)	**15,138**	**15,138**

8. Financial liabilities (continued)

Valuation techniques and significant unobservable inputs

The following table show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	*Discounted cash flows:* The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payments are determined by considering the actual interest payable on the loan and the amount expected to be paid to the secured lender at maturity under the capital event waterfall (Refer Note 13).	• Risk-adjusted discount rate 6.25% (2016: 6.25%) • Valuation of secured property $20,279,000 (2017: $17,169,000) (Refer Note 7)	The estimated fair value would increase (decrease) if: • the risk-adjusted discount rate were lower (higher) • the valuation of the secured property was higher (lower)

Reconciliation of Level 3 fair values

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Contingent consideration $'000
Balance as at 1 July 2017	15,349
Change in fair value of borrowings	103
Gain due to foreign currency translation	(314)
Balance as at 31 December 2017	**15,138**

9. Earnings per unit

The calculation of basic earnings per unit at 31 December 2017 was based on the loss attributable to unitholders of the Trust of $2,382,000 (31 December 2016 loss: $1,271,000) and a weighted average number of units outstanding of 23,163,163 (31 December 2016: 20,412,042), calculated as follows:

	As at 31 December	
	2017	**2016**
	$'000	**$'000**
Net profit/(loss) attributable to unitholders of the Trust	**(2,382)**	**(1,271)**

	As at 31 December	
	2017	**2016**
Weighted average number of units (basic)		
Issued units at 1 July 2017	23,163,160	14,123,771
Impact of units issued during period	-	6,288,271
Weighted average number of units at 31 December 2017	**23,163,160**	**20,412,042**

Diluted earnings per unit

As there are no diluting factors in the reporting period and comparative period, the diluted loss per unit is equal to the basic.

10. Operating segments

The main business of the Consolidated Entity is investment in property which is leased to third parties. The property investment is located in the United States of America.

The Consolidated Entity has two reportable segments, based on the geographical location of each segment. Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss after income tax as included in the internal management reports that are reviewed by the Chief Executive Officer (**"CEO"**) of the Responsible Entity. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The amounts set out on the following page are expressed in AUD but represent amounts that are denominated in USD and converted to AUD on consolidation.

10. Operating segments (continued)

Consolidated Entity – 6 months ended 31 December 2016	USA	Australia	Total
	$'000	$'000	$'000
External revenues	1,344	-	1,344
Interest income	-	-	-
Net gain on foreign exchange	-	(20)	(20)
Gain on foreclosure	-	-	-
Other income	-	-	-
Total income	1,344	(20)	1,324
Borrowing costs	463	347	810
Other operating expenses	1,097	251	1,348
Total expenses	1,560	598	2,158
Change in fair value of financial liability	812	-	812
Changes in fair value of investment properties	(1,249)	-	(1,249)
Profit/(Loss) before income tax	(653)	(618)	(1,271)
Income tax	-	-	-
Profit/(Loss) after income tax	(653)	(618)	(1,271)
Segment assets	20,676	174	20,850
Segment liabilities	17,872	1,776	19,648

Consolidated Entity – 6 months ended 31 December 2017	USA	Australia	New Zealand	Total
	$'000	$'000		$'000
External revenues	1,460	-	-	1,460
Interest income	-	-	-	-
Net gain on foreign exchange	-	32	-	32
Gain on debt modification	-	-	-	-
Other income	-	(1)	-	(1)
Total income	1,460	31	-	1,491
Borrowing costs	688	890	-	1,578
Other operating expenses	887	301	-	1,188
Total expenses	1,575	1,191	-	2,766
Change in fair value of financial liability	103	-	-	103
Changes in fair value of investment properties	(1,210)	-	-	(1,210)
Profit/(Loss) before income tax	(1,107)	-	-	(1,107)
Income tax	-	-	-	-
Profit/(Loss) after income tax	**(1,222)**	**(1,160)**	**-**	**(2,382)**
Segment assets	**23,200**	**4,352**	**-**	**27,551**
Segment liabilities	**26,221**	**4,226**	**-**	**30,447**

11. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or is part of the key management of the Trust. Related party transactions are transfers of resources, services or obligations between related parties and the Trust, regardless of whether a price has been charged.

Quattro RE Limited (the "Responsible Entity") and its related party, Zerve Pty Limited (a company controlled by Andrew Saunders, a Director of the Responsible Entity) are considered to be related parties of the Trust.

Key management personnel

The Trust does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Trust and this is considered the Key Management Personnel ("KMP").

The Directors of the Responsible Entity at any time during the reporting period were as follows:

Antony Wood	(Appointed Director 28 November 2014)
Andrew Saunders	(Appointed 7 October 2014)
Peter Chai	(Appointed 17 April 2017)

Responsible Entity fees, related party fees and other transactions

Except as disclosed in these consolidated financial statements, no Director of the Responsible Entity has received or become entitled to receive any benefit because of a contract made by the Responsible Entity or a related entity with a Director or with a firm of which a Director is a member or with an entity of which a Director of the Responsible Entity has a substantial interest. Directors of the Responsible Entity are paid directors' fees by the Responsible Entity from its own resources.

All transactions with related parties are conducted on normal commercial terms and conditions.

		6 months ended 31 December	
		2017	2016
Transactions with related parties - Consolidated		$	$
Charged by the Responsible Entity			
• management fees	(see i below)	39,000	45,000
• expense recoveries	(see ii below)	99,215	120,000
Charged by Zerve Pty Limited			
• US asset management fee		-	39,591
• Subordinated loan interest		35,580	38,354
		173,795	242,945

Notes relating to both periods – 6 months ended 31 December 2016 and 2017

I. Responsible Entity fees are calculated on the following basis:
   - 3% of the effective gross income of the Trust in accordance with the Trust's Constitution

II. Expense Recoveries have been adjusted to reflect trust expenses previously paid direct by ATT which are now being paid as expense recoveries.

11. Related parties (continued)

Unit holdings of the Responsible Entity and its key management personnel

As at 31 December 2017 there were nil units held by the Responsible Entity (31 December 2016: nil units) in trust.

Mr Andrew Saunders and his associates hold 3,412,964 units in the Trust.

Related party investments held by the Trust

As at 31 December 2017 the Trust held no investments in the Responsible Entity or their associates (31 December 2016: Nil).

12. Financial instruments

Financial risk management

The Consolidated Entity's financial risk management objectives and policies are consistent with those disclosed in the financial report as at and for the year ended 30 June 2017.

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2017		Carrying amount				Fair value			
	Note	Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets not measured at fair value									
Trade and other receivables	4	-	2	-	2	-	-	-	-
Cash and cash equivalents		-	128	-	128	-	-	-	-
Financial liabilities measured at fair value									
Bank Loans – secured	8	15,138	-	-	15,138	-	-	15,138	15,138
Financial liabilities not measured at fair value									
Trade payables	6	-	-	2,718	2,718	-	-	-	-
Borrowings	8	-	-	12,591	12,591	-	-	-	-
30 June 2017									
Financial assets not measured at fair value									
Trade and other receivables	4	-	6	-	6	-	-	-	-
Cash and cash equivalents		-	1	-	1	-	-	-	-
Financial liabilities measured at fair value									
Bank Loans – secured	8	15,350	-	-	15,350	-	-	15,350	15,350
Financial liabilities not measured at fair value									
Trade payables	6	-	-	2,389	2,389	-	-	-	-
Borrowings	8	-	-	1,636	1,636	-	-	-	-

12. Financial instruments (continued)

Capital management

Other than disclosed in this report and the 30 June 2017 Annual Report, there were no capital management initiatives for the six months ended 31 December 2017.

13. Contingent assets and liabilities and commitments

Contingent liabilities

In the opinion of the Responsible Entity there are no contingent assets, contingent liabilities or commitments subsisting at or arising since the reporting date not otherwise disclosed in this report.

14. Events subsequent to reporting date

On 12 February 2018 the Trust announced that in accordance with the investment strategy set out in the Notice of Meeting for the Extraordinary General Meeting held on 8 January 2018, it had unconditionally acquired 1-3 Albert Street, Auckland for NZ$45,000,000.

1-3 Albert Street is a 20 level 8,435sqm office property located in a prime CBD location immediately opposite Auckland's newest landmark project, the NZ$1bn premium grade Commercial Bay office and retail development, which is due for completion in 2019. Presently, office rents at the property are NZ$220sqm net, whereas the office rents for Commercial Bay exceed NZ$700sqm net. The property offers the opportunity, following refurbishment, to significantly improve office rents, deliver an attractive total return and create value for unitholders

The acquisition is being funded by a debt facility from a local bank and from the Non bank subordinated loan as short term bridge financing. In due course, the Trust expects to repay Non Bank subordinated loan/bridge financing through the proceeds of a fully underwritten renounceable entitlement offer to ordinary unitholders. An update on the funding and the entitlement offer will be provided in due course.

On 9 January 2018, the Trust announced that unitholders of ATT passed all the resolutions set out in the Notice of Meeting dated 5 December 2017 at the Extraordinary General Meeting held at 4:30pm on Monday, 8 January 2018 including the issue of the 7,691,521 A Units.

ANTE REAL ESTATE TRUST
ARSN 114 494 503

Directors' declaration

1 In the opinion of the Directors of Quattro RE Limited ("Responsible Entity"), the Responsible Entity for the Ante Real Estate Trust ("Trust"):

(a) the consolidated financial statements and notes, set out on pages 9 to 26, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the six months ended on that date; and

(ii) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Signed in accordance with a resolution of the Responsible Entity:

Andrew Saunders
Director

Sydney, 28 February 2018

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 9223 1762

www.pitcher.com.au
partners@pitcher-nsw.com.au

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE UNITHOLDERS OF ANTE REAL ESTATE TRUST

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ante Real Estate Trust (the "Trust"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2017, and the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Quattro RE Limited (the Responsible Entity), are responsible for the preparation of the half-year 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 half-year financial report that is true and fair and free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ante Real Estate Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PITCHER PARTNERS

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE UNITHOLDERS OF ANTE REAL ESTATE TRUST

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ante Real Estate Trust is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(c) of the financial statements which states that the Trust has a deficiency of working capital (being the amount in payables in excess of cash and cash equivalents and trade and other receivables) of $2,467,000 and does not receive consistent cash income which can meet ongoing operating expenses. The Consolidated Entity continues to require additional cash to settle its ongoing operating expenses and accordingly, will require additional financing and capital to meet these obligations as is currently being finalised with the entitlement offer. In addition, the Trust had a loss for the six months ended 31 December 2017 of $2,382,000.

These conditions indicate the existence of a material uncertainty which may cast significant doubt as to whether the Trust will be able to continue as a going concern and therefore the Trust may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial statements.

Mark Godlewski

M A GODLEWSKI
Partner
28 February 2018

Pitcher Partners

PITCHER PARTNERS
Sydney