Contact Details

Registered Office
Quattro RE Limited
As responsible entity for RCU
Level 9, 117 Macquarie Street
Sydney NSW 2000 Australia
T 1800 648 328

Registry
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000 Australia
T 02 8280 7111

Real Estate
Capital Partners

Real Estate
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Real Estate Capital Partners USA Property Trust

Annual Report
30 June 2015

RCU

Real Estate Capital Partners USA Property Trust
ARSN 114 494 503

Contents

Directors' report

The Directors of Quattro RE Limited (**"Quattro"** or "**Responsible Entity**") (formerly Real Estate Capital Partners Managed Investments Limited or "**RMIL**"), the Responsible Entity for the Real Estate Capital Partners USA Property Trust ("**RCU**" or "**the Trust**") (ASX: RCU) present their report together with the financial statements of the Consolidated Entity for the financial year ended 30 June 2015 and the independent auditor's audit 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 and Investment Management

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 of strategy, its implementation, and the day to day management of the Trust.

Directors

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

Ben Dillon	(Appointed 20 July 2012)
Barry McWilliams	(Appointed 20 July 2012; Resigned 28 November 2014)
Antony Wood	(Appointed 20 July 2012; Resigned and appointed alternate Director 7 October 2014; Re-Appointed Director 28 November 2014)
Ed Psaltis	(Appointed 7 October 2014; Resigned 25 November 2014)
Andrew Saunders	(Appointed 7 October 2014)

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 activities

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**"). The Trust currently owns a single asset in Chicago. 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 year ended 30 June 2015 was $1,690,000 (2014: $2,875,000 profit). The loss is largely attributable to a negative fair value movement of $1,722,000 recognised in the current period on the investment property. A gain of $1,594,000 was recognised in the current period resulting from the foreclosure sale of the One Centennial property on 2 April 2014. The Directors have reviewed the foreclosure process, and the advice received, and is of the opinion that all liabilities associated with the One Centennial property are satisfied as a consequence of the completed foreclosure process.

In accordance with the strategy of minimising the Trusts operating costs, other operating expenses for the year were reduced to $1,753,000 compared with $3,701,000 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)

Review of operations

Strategy

Since the end of the last reporting period the Responsible Entity has continued with the strategy set out in the 2013 strategic review of minimising overhead costs, refurbishing, repositioning and releasing the Higgins Chicago asset (**"Higgins"**) as well as assessing other opportunities to create value and close the gap that exists between the Trust's trading price and its Net Tangible Asset Backing (NTA) per unit ("**NTA**"). The Trust's NTA at 30 June 2015 was $0.345 per unit compared with the 30 June 2015 closing unit price on the Australian Securities Exchange of $0.125 per unit.

Higgins

On 30 August 2013 the Trust's controlled entity, Mariner Higgins Centre LLC, entered into a modification agreement in respect of the loan which finances Higgins. The terms of the Higgins loan modification were disclosed in an ASX market announcement on 30 August 2013. The Higgins loan modification provided the opportunity to add value to Higgins through a refurbishment of the property and an active releasing strategy.

The renovation of the Higgins asset was completed in May 2015. The renovation, which included upgrades and enhancements to the lobby, corridors, elevators, restrooms and café, was complemented by the addition of a conference center and potential for expanded parking. The renovation positions the building competitively in the O'Hare market and provides higher quality accommodation and amenities to existing and prospective tenants.

On 20 May 2015 the releasing program was launched. Current vacancy at the building sits at 71,815sft, or approximately 53% of the building's net lettable area. A significant level of new leasing enquiry has occurred since the commencement of the releasing program. This leasing enquiry is currently being worked on to convert into heads of agreements and subsequently new leases. The first lease was recently executed over 3,270sft of vacant space.

The cost of the renovation was funded through existing reserves held by the lender with approximately $US2.0m in reserves remaining. These reserves may be used to partially fund future letting up costs. Notwithstanding this, additional capital, over and above what may be available in reserves is likely to be required to successfully lease the asset to a stabilized occupancy level.

Management is also exploring refinance options of the current loan associated with the asset and is undertaking preliminary discussions with the loans special servicer in the USA. The maturity date of the current loan is 1 March 2017 but can be extended to 1 March 2018.

As at 30 June 2015, the asset was independently valued at US$14,100,000 a decrease of 5.4% or US$800,000 on the 30 June 2014 independent valuation of US$14,900,000. The decrease in the valuation predominately reflects the building's current vacancy. The valuation makes an allowance for future letting up costs associated with reaching a stabilized occupancy level of approximately 90%. The valuation does not take into account the current financing structure in place for the asset.

Directors' report (continued)

Capital management and other initiatives

The Small Parcel Sales Facility (SPSF) announced on 25 March 2015, which allowed Unitholders with small holdings of RCU units the opportunity to sell their units in a simple and efficient way without brokerage, closed on 7 May 2015. In total, Unitholders representing 874,674 units, or 7.1% of all units participated in the SPSF.

This capital management strategy was designed to reduce the ongoing administration costs of managing small holdings and improving the liquidity of RCU Units. A broker has been appointed to sell these units, and as a consequence 90,000 units were sold on market to 30 June 2015. The balance of the units held in Trust by the Responsible Entity for Unitholders are still to be sold.

Management is also considering and assessing a number of recapitalization and capital raising initiatives, including, the introduction of a Unit Purchase Plan (UPP) which would allow active Unitholders the opportunity to apply for up to $15,000 of additional Units in RCU, and a private placement in order to provide the Fund with additional working capital in the short term. These initiatives are in their preliminary stages and may involve the acquisition of additional assets and/or a larger capital raising.

The Board of the Responsible Entity will continue to assess any capital raising and potential recapitalization initiative in light of the benefits and potential value that these initiatives may provide to Unitholders in the medium to long term, taking into account the Trust's trading price, discount to its NTA per unit, and potential value that may be provided to Unitholders from holding the Higgins asset until stabilized occupancy is achieved in the short to medium term.

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$ depreciated against the US$ from a spot rate of $0.9420 at 30 June 2014 to a spot rate of $0.7680 at 30 June 2015. The Trust's Statement of Financial Position is prepared using predominately the spot rate at 30 June 2015.

From an earnings perspective the average A$/US$ exchange rate for the period (1 July 2014 – 30 June 2015) was $0.8372 compared with the average exchange rate over the prior 12 month period (1 July 2013 – 30 June 2014) of $0.9185. The Trust's Statement of Profit or loss and other Comprehensive Income is prepared using predominately the average exchange rate over the period.

New acquisitions

In accordance with the strategy, the Trust continues to review asset acquisitions and new opportunities that can create value for Unitholders. The investment strategy of the Trust is to identify assets where value can be added or the acquisition is opportunistic, with a focus on markets that have a positive macro economic outlook, which includes both Australasia and the USA. As at the date of this report there are no current transactions sufficiently advanced to disclose.

Directors' report (continued)

Interest of the Responsible Entity
As at 30 June 2015 there were 784,674 units held by the Responsible Entity in trust for Unitholders who participated in the Small Parcel Sales Facility (SPSF) which was announced on 25 March 2015. A broker has been appointed to sell the balance of these units. 90,000 units were sold on market prior to 30 June 2015 with the balance of the units to be sold.

Mr Ben Dillon holds 2,000 units in the Trust and Mr Andrew Saunders and his associates hold 1,167,267 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 advisors to provide the fund management, assets management, legal, accounting and other services. These costs are included in expense recoveries.

		2015 $	2014 $
Transactions with related parties – Consolidated:			
Charged by the Responsible Entity			
• Responsible Entity fees	(see i below)	138,340	443,323
• Expense recoveries	(see ii below)	527,393	895,252
Charges by Zerve Pty Ltd			
• US asset management fees	(see ii below)	499,871	522,635
		1,165,604	**1,861,210**
Balances outstanding with related parties – Consolidated			
Included in payables:			
To the Responsible Entity			
• Responsible Entity fees		-	123,289
• Expense recoveries		-	21,122
	(see Note 12)	-	**144,411**

i Responsible Entity fees are calculated on the following basis:

- 3% of the gross income of the Trust in accordance with the Trust's Constitution.

ii In the prior period $522,635 paid to Zerve Pty Limited, a party related to the company secretary of the Responsible Entity, for asset management services was included in expense recoveries. In the current period these fees have been separately disclosed with prior period comparative updated accordingly.

Directors' report (continued)

Events subsequent to the end of the reporting period

Other than the matters disclosed in this report there has not arisen in the interval between the end of the financial period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial periods.

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. This may include, but is not limited to, raising additional capital, restructuring the existing loan, entering into a new loan, or some combination of these;
2. Implement, if appropriate, a restructure of the Trust to facilitate the efficient utilisation of embedded tax benefits with the objective of enhancing future total investment returns or enhancing the Trust's NTA; and
3. Implement, if appropriate, a transaction or transactions which may result in the gap between the Trust's unit price and NTA closing. 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 of the above business strategies.

Going concern

The consolidated annual 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.

Working capital

The consolidated 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 $887,000 (30 June 2014: $782,000 deficiency). Included in payables are amounts relating to tenant security deposits of $75,000 (30 June 2014: $61,000), rent received in advance of $25,000 (30 June 2014: $81,000) and accrued real estate taxes of $951,000 (30 June 2014: $811,000). These amounts, which total $1,051,000 (30 June 2014: $953,000) are not immediately payable or refundable to tenants, and accordingly, once excluded from the calculation, the Consolidated Entity would have a surplus of working capital of $164,000 (30 June 2014: $171,000).

Directors' report (continued)

The Consolidated Entity currently does not receive consistent cash income and will not do so until the occupancy of the Higgins property reaches 90% in accordance with the terms of the current loan associated with the property. The Consolidated Entity continues to utilise its cash to settle its ongoing operating expenses and will require additional financing to meet these obligations in the future. The available cash and cash equivalent balances as at 30 June 2015 were $637,000 (30 June 2014: $1,209,000). In addition the Consolidated Entity expects an amount of $517,000 categorised in other assets to be received as cash during the 6 month period to 31 December 2015.

Cashflow budgets
The Responsible Entity has prepared cash flow budgets through to 31 August 2016 which indicates that the Consolidated Entity will have sufficient funds to meet its short term working capital and financing requirements. Critical assumptions in the cashflow include successfully raising of capital through a UPP and private placement, and a renegotiation of the current loan associated with the Higgins property by 31 December 2015.

Higgins Valuation
The current valuation of the Higgins contemplates continuity of normal business activities and the realization of assets and the settlement of liabilities in the normal course of business. In the event a realization of the Higgins asset is required other than in the ordinary course of business it is likely the asset may be realized at materially less than the value stated in the financial statements.

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 business strategy as planned and cash flow projections are not achieved, there is material 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 at amounts less than that stated in the financial statements.

Significant changes in state of affairs
In the opinion of the Directors of the Responsible Entity there have been no other significant changes in the state of affairs of the Trust which occurred during the financial year not otherwise disclosed in this Directors' report or the attached financial report.

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

The Trust has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been auditor of the Trust.

Insurance premiums
Subsequent to 20 July 2012, Real Estate Capital Partners Pty Limited has paid as part of its insurance arrangements, premiums in respect of Directors' and officers' liability insurance contracts covering Directors and officers of the Responsible Entity.

Directors' report (continued)

Non-audit services

During the financial year the Consolidated Entity's auditor KPMG, was removed and Pitcher Partners was appointed on 25 May 2015 as the Consolidated Entity's new auditor. No other services have been provided by Pitcher Partners during the financial year other than their statutory duties as auditor.

The Board of the Responsible Entity has considered the non-audit services provided by the previous auditor KPMG during the year and in accordance with written advice provided by resolution of the Audit and Risk Committee of the Responsible Entity, is satisfied that the provision of those non-audit services during the year by KPMG is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Responsible Entity to ensure they do not impact the integrity and objectivity of the auditor; and

- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Consolidated Entity, acting as an advocate for the Consolidated Entity or jointly sharing risks and rewards.

Details of the amounts paid and due to the auditor of the Consolidated Entity, Pitcher Partners, and its related practices for audit services provided during the year are set out in Note 6 to the consolidated financial statements.

Environmental regulations

To the best of Directors' knowledge the operations of the USA REIT have been conducted in compliance with the environmental regulations existing under USA federal, state and local legislation.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the year ended 30 June 2015.

Rounding off

The Trust and Consolidated Entity are of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 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:

Ben Dillon
Director
Sydney, 31 August 2015

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 REAL ESTATE CAPITAL PARTNERS USA PROPERTY TRUST

In relation to the independent audit for the year ended 30 June 2015, to the best of my knowledge and belief there have been:

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

(ii) no contraventions of any applicable code of professional conduct.

Mark Godlewski

M A GODLEWSKI
Partner

PITCHER PARTNERS

Sydney

31 August 2015

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015	**Note**	**Consolidated 2015 $'000**	**Consolidated 2014 $'000**
Revenue and other income			
Rental income from investment properties		1,372	3,794
Recoverable outgoings from investment properties		1,079	1,568
Gain on debt modification		-	4,534
Gain on foreclosure	4	1,594	4,570
Interest income		2	21
Net gain/(loss) on foreign exchange		159	40
Other income		85	80
Total revenue and other income		**4,291**	**14,607**
Expenses			
Property expenses		1,870	3,587
Borrowing costs		940	6,638
Responsible Entity fees	20	138	443
Custodian fees		60	61
Other operating expenses	5	1,753	3,701
Total expenses		**4,761**	**14,430**
Change in fair value of investment property		(1,722)	2,464
Change in fair value of financial liability		502	234
Profit/(loss) before income tax		**(1,690)**	**2,875**
Income tax	7	-	-
Profit/(loss) for the year		**(1,690)**	**2,875**

Continued on page 10

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015 (continued)	**Note**	**Consolidated 2015 $'000**	**Consolidated 2014 $'000**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealised foreign currency translation gain/(loss) - foreign operations		782	891
Total other comprehensive income		**782**	**891**
Total comprehensive income/(loss) for the year		**(908)**	**3,766**
Total comprehensive income/(loss) for the year attributable to unitholders of the Trust		**(908)**	**3,766**
Earnings per unit			
		Cents	**Cents**
Basic earnings/(loss) per unit	16	(13.76)	24.16
Diluted earnings/(loss) per unit	16	(13.76)	24.16

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

Consolidated statement of changes in equity for the year ended 30 June 2015

Consolidated Entity	Note	Issued capital $'000	Translation reserve $'000	Accum losses $'000	Total equity $'000
2014					
Balance at 30 June 2013	14	203,123	2,195	(204,525)	793
Total comprehensive income for the year					
Profit/(loss) for the year		-	-	2,875	2,875
Translation of foreign operations		-	891	-	891
Total comprehensive income for the year		-	891	2,875	3,766
Transactions with owners, recorded directly in equity					
Units issued	14	584	-	-	584
Total transactions with owners		**584**	-	-	**584**
Balance at 30 June 2014		**203,707**	**3,086**	**(201,650)**	**5,143**
2015					
Balance at 30 June 2014	14	203,707	3,086	(201,650)	5,143
Total comprehensive income for the year					
Profit/(loss) for the year		-	-	(1,690)	(1,690)
Translation of foreign operations		-	782	-	782
Total comprehensive income for the year		-	782	(1,690)	(908)
Transactions with owners, recorded directly in equity					
Units issued	14	-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 30 June 2015		**203,707**	**3,868**	**(203,340)**	**4,235**

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

Consolidated statement of financial position as at 30 June 2015

	Note	Consolidated 2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents	8(a)	637	1,209
Trade and other receivables	9	119	150
Other assets	10	706	1,218
Total current assets		1,462	2,577
Non-current assets			
Investment properties	11	18,359	15,817
Other assets	10	2,922	3,015
Total non-current assets		21,281	18,832
Total assets		22,743	21,409
Liabilities			
Current liabilities			
Trade and other payables	12	1,643	2,141
Financial liabilities, at fair value	13	866	706
Total current liabilities		2,509	2,847
Non-current liabilities			
Financial liabilities, at fair value	13	15,999	13,419
Total non-current liabilities		15,999	13,419
Total liabilities		18,508	16,266
Net assets		**4,235**	**5,143**
Equity			
Issued capital	14	203,707	203,707
Reserves	14	3,868	3,086
Accumulated losses		(203,340)	(201,650)
Total equity		**4,235**	**5,143**

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

Consolidated statement of cash flows for the year ended 30 June 2015	**Note**	**Consolidated 2015 $'000**	**Consolidated 2014 $'000**
Cash flows from operating activities			
Receipts in the course of operations		2,676	5,673
Payments in the course of operations		(3,490)	(6,737)
Payments of interest and other borrowing costs		(991)	(1,548)
Net cash from/(used in) operating activities	8(b)	(1,805)	(2,612)
Cash flows used in investing activities			
Interest received		2	21
Payments for improvements to investment properties		(970)	(327)
Transfer funds from/(to) capital reserve		584	(1,193)
Net cash from/(used in) investing activities		(384)	(1,499)
Cash flows from in financing activities			
Proceeds from issue of units	14	-	584
Cash received/(relinquished) on foreclosure		1,594	(1,451)
Net cash from/(used in) financing activities		1,594	(867)
Net increase/(decrease) in cash and cash equivalents		(595)	(4,978)
Cash and cash equivalents at the beginning of the year		1,209	6,188
Effect of exchange rate fluctuations		23	(1)
Cash and cash equivalents at the end of the year	8(a)	**637**	**1,209**

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

1. Reporting entity

Real Estate Capital Partners USA Property Trust (the **"Trust"**), is a registered managed investment scheme under the *Corporations Act 2001*. The consolidated financial report of the Trust as at and for the year ended 30 June 2015 comprises the Trust and its subsidiaries (together referred to as the **"Consolidated Entity"** and individually as **"Group entities"**). The Trust is a for-profit entity. The principal activities of the Consolidated Entity during the financial year were the derivation of rental income from investment properties located in the United States of America (**"USA"**).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial report also complies with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were authorised for issue by the Directors of the Responsible Entity on 31 August 2015.

(b) Going concern

The consolidated financial report of the Trust has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and the 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 $887,000 (30 June 2014: $782,000 deficiency). Included in payables are amounts relating to tenant security deposits of $75,000 (30 June 2014: $61,000), rent received in advance of $25,000 (30 June 2014: $81,000) and accrued real estate taxes of $951,000 (30 June 2014: $811,000). These amounts, which total $1,051,000 (30 June 2014: $953,000) are not immediately payable or refundable to tenants, and accordingly, once excluded from the calculation, the Consolidated Entity would have a surplus of working capital of $164,000 (30 June 2014: $171,000). In addition, the Consolidated Entity expects an amount of $517,000 categorised in other assets to be received as cash during the 6 month period to 31 December 2015.

The Consolidated Entity currently does not receive consistent cash income and will not do so until the occupancy of the Higgins property exceeds 90%. The Consolidated Entity continues to require cash to settle its ongoing operating expenses and accordingly, will require additional financing to meet these obligations in the future which may include a raising of additional capital via a Unit Purchase Plan and/or an equity issue. The available cash and cash equivalent balances as at 30 June 2015 were $637,000 (30 June 2014: $1,209,000)

Cashflow budgets

The Responsible Entity has prepared cash flow budgets through to 31 August 2016 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 business strategy as planned and cash flow projections are not achieved, there is material 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 at amounts less than that stated in the financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- investment properties are measured at fair value
- financial liabilities are measured at fair value

The methods used to measure fair values are discussed further in Note 3(c), 3(h) and 3(j).

(d) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (**"A$"**), which is the Trust's presentation currency. The Trust's functional currency is Australian dollars; however, the Consolidated Entity is predominantly comprised of operations located in the USA. The functional currency of the controlled entities that hold these operations is United States dollars (**"US$"**).

The Trust and Consolidated Entity are of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by Class Order 05/641 effective 28 July 2005 and Class Order 06/51 effective 31 January 2006) and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

2. Basis of preparation (continued)

(e) Use of estimates and judgments

The preparation of the consolidated 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.

Significant judgements, estimates and assumptions made by management in the preparation of these consolidated financial statements are outlined below:

- **Investment properties – Valuation**
  Investment properties are valued each reporting date to reflect their fair value according to the Trust's policy on valuing property (Refer to Note 3(i) for further details).

- **Financial liabilities – Valuation**
  During the previous financial year, Mariner Higgins LLC (a controlled entity of the Trust) entered into a loan modification agreement with the secured lender to the controlled entity's investment property. The financial liability created by the loan modification agreement has been designated as a financial liability at fair value through profit and loss by Directors of the Responsible Entity (Refer to Note 15 for further details).

3. Significant accounting policies

Except as set out below and on the following page the accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the Consolidated Entity's financial statements as at 30 June 2014.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are those entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half the voting rights. In assessing whether control exists, potential voting rights that are presently exercisable or convertible are considered.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A schedule of subsidiaries is set out in Note 19 to these consolidated financial statements. The financial statements of subsidiaries are prepared for the same reporting period as the Trust using consistent accounting policies. Adjustments are made to align any dissimilar accounting policies which may exist.

All balances and the effects of transactions between subsidiaries have been eliminated in full. In the Trust's financial statements, investments in subsidiaries are carried at cost, less impairment.

3. Significant accounting policies (continued)

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the foreign currency closing exchange rate ruling at the end of the reporting period.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in gains and losses on investments. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in the statement of profit or loss and other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at the exchange rate at reporting date. The income and expenses of foreign operations are translated to Australian dollars at the average exchange rate for the year.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("Translation reserve") in equity. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Consolidated Entity disposes of only part of its interest in a subsidiary that includes a foreign operation whilst retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

(i) Classification

The Consolidated Entity's financial instruments comprise:

- the category of financial liabilities at fair value through profit or loss comprising loans and borrowings
- financial instruments that are classified as loans and receivables including trade and other receivables
- financial liabilities that are not at fair value through profit or loss including trade and other payables and loans and borrowings
- cash and cash equivalents.

3. Significant accounting policies (continued)

(ii) Recognition

The Consolidated Entity recognises financial assets and financial liabilities at fair value through profit or loss on the date it becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they originated.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of AASB 139 *Financial Instruments: Recognition and Measurement*.

(iii) Measurement

Financial instruments are measured initially at fair value ("transaction price") plus, in the case of a financial asset or financial liability not at fair value through profit or loss, 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, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss and other comprehensive income.

Financial instruments classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any. Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

(iv) Derecognition

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139 *Financial Instruments: Recognition and Measurement.*

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(v) Fair value measurement principles

The fair value of financial instruments is based on valuation techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Consolidated Entity would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties. Specifically, the fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates on the valuation date.

3. Significant accounting policies (continued)

(vi) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such indication exists, impairment testing is carried out and an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(vii) Specific instruments

Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Derivative financial instruments

The Trust and Consolidated Entity have previously used derivative financial instruments to partially hedge their exposure to interest rate risks arising from investment activities. In accordance with its investment strategy, the Trust and Consolidated Entity do not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting would be accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred.

(d) Interest income and expense

Interest income and expense is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest method of the instrument calculated at the acquisition or origination date. Interest income and expense includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(e) Expenses

All expenses, including Responsible Entity, Asset management fees and Custodian fees, are recognised in profit or loss on an accruals basis.

3. Significant accounting policies (continued)

(f) Distribution and taxation

Distributions from the US REIT

Distributions of earnings and profits made by the Trust's subsidiary, Mariner American Property Income REIT, Limited (the **"US REIT"**) for the financial year are not taxable. Distributions that are in excess of its earnings and profits are treated as non-taxable returns of capital to the Trust to the extent of the Trust's adjusted tax cost basis in the units of the US REIT.

Distributions made by the US REIT which are attributable to capital gains from disposal of the US properties are subject to US tax at a special rate of 35%. The Consolidated Entity recognises a deferred tax liability at 35% on the difference between the fair value of the properties and their tax cost base under the US tax regulation. The deferred tax liability is adjusted to reflect the movement in the fair value of the properties and their tax cost base. To the extent that the fair value of the properties is lower than the tax cost base no deferred tax asset is recognised.

Distributions to unitholders

Distributions from the Trust to unitholders are from available cash flows and not directly related to the accounting profit. Distributions can be a mixture of tax deferred distributions as well as taxable income distributions. Under current legislation the Trust is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders. The Trust fully distributes its distributable income, calculated in accordance with the Trust Constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the Constitution.

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

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

(g) Goods and services tax

Management fees, custody fees and other expenses are recognised net of the amount of goods and services tax ("GST") recoverable from the Australian Taxation Office ("ATO") as a reduced input tax credit ("RITC").

Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows are included in the statements as cash flows on a gross basis.

3. Significant accounting policies (continued)

(h) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income or for capital appreciation or for both. Land and buildings comprising the investment properties are considered composite assets and are disclosed as such in the accompanying notes to the consolidated financial statements.

Investment properties acquired are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Where the contracts of purchase include a deferred payment arrangement, amounts payable are recorded at their present value, discounted at the rate applicable to the Trust if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Investment properties are subsequently stated at fair value with any change therein recognised in profit or loss. Fair values are based on market 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 had each acted knowledgeably, prudently and without compulsion.

(i) Property valuations

Valuations are undertaken internally by knowledgeable property professionals each reporting period and external, independent valuations are obtained annually or more frequently if Directors of the Responsible Entity are of the opinion that the market has moved materially.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Valuations are predicated on marketing programs with terms of 6-12 months (as stated in the independent valuations) appropriate for the hypothetical sale of individual assets. However, Directors consider that book values may not be realised in the event of a sale without the benefit of an appropriate marketing program.

3. Significant accounting policies (continued)

(j) Rental income

Rental income from investment properties is recognised on a straight line basis over the lease term. Rental income not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance within payables, as rent in advance. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease, on a straight-line basis, as a reduction of lease income.

Lease incentives provided by the Consolidated Entity to lessees, and rental guarantees which may be received from third parties (arising on the acquisition of investment property) are excluded from the measurement of fair value of investment property and are treated as separate assets as presented in Note 11 if applicable. Such assets are amortised over the respective periods to which the lease incentives and rental guarantees apply, either using a straight line basis, or a basis which is representative of the pattern of benefits.

Contingent rents based on the future amount of a factor that changes other than with the passage of time including turnover rents and CPI linked rental increases are only recognised when contractually due.

(k) Deferred leasing and tenancy costs

Expenditure on direct leasing and tenancy costs is capitalised and written off over the lease term in proportion to the rental revenue recognised in each financial year.

(l) Operating segments

The Consolidated Entity determines and presents operating segments based on the information provided to the Chief Executive Officer (CEO) of the Responsible Entity, who is the Consolidated Entity's chief operating decision maker.

(m) Adoption of new and amended accounting standards that are first operative at 30 June 2015

There are no new and amended accounting standards effective for the financial year beginning 1 July 2014 which affect any amounts recorded in the current or prior year.

(n) Accounting standards and Interpretations Issued but not Operative at 30 June 2015

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below;
AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018). AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

AASB 9 Financial Instruments
The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, and upfront accounting for expected credit loss. Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments it is impracticable at this stage to provide a reasonable estimate of such impact.

3. Significant accounting policies (continued)

(n) Accounting standards and Interpretations Issued but not Operative at 30 June 2015 (continued)

AASB 15: Revenue from Contracts with Customers
When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

1. identify the contract(s) with a customer;
2. identify the performance obligations in the contract(s);
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract(s); and
5. recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

4. Gain on foreclosure

On 7 August 2013, the Supreme Court of New Jersey granted the lenders application for a default judgment in respect of the property and the Sheriff of New Jersey sold the property at auction on 2 April 2014. A gain on foreclosure of US$1.3 million (A$1.6 million) has been accounted for in the current year relating to accrued liabilities associated with the foreclosure that are no longer required.

5. Other operating expenses

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Audit and accounting at the Head Trust	174	206
Due diligence expenses	-	450
Expense recovery	1,027	1,407
Legal	(29)	843
Other trust level expenses	277	375
Property general and administrative expenses	182	308
Registry services	38	69
Taxation	84	43
	1,753	**3,701**

6. Auditor's remuneration

	Consolidated	
	2015	2014
	$	$
Auditors of the Trust – KPMG Australia:		
Audit and review of the financial reports	45,000	144,950
Other regulatory audit services	6,877	20,395
Taxation services	38,225	10,000
	90,102	175,345
Auditors of the Trust – Pitcher Partners:		
Audit and review of the financial reports	40,500	-
Other regulatory audit services	10,000	-
Taxation services	10,000	-
	60,500	-
Auditors of the subsidiaries – KPMG US:		
Audit and review of the financial reports	5,972	61,402
Audit and review of the financial reports of subsidiaries under US GAAP	-	38,648
Taxation services	-	30,858
	5,972	130,908
Auditors of the subsidiaries – Frank Rimerman:		
Audit and review of the financial reports	43,717	-
Taxation services	5,860	-
	49,577	-
	206,151	**306,253**

7. Taxation

The Trust is subject to 35% capital gains tax in the U.S.A. on the future disposal of its investment properties. In previous years, the Trust recognised a deferred tax liability being 35% of the difference between the fair value in US dollars compared to the tax cost base in US dollars, translated to Australian dollars. However, due to the diminution in value of the investment properties, the portfolio fair value is now less than the tax cost base and as a result, it is not probable that a capital gains tax liability would arise. As at the reporting date, the fair value of the investment property portfolio remains less than the tax cost base.

The Trust has not recognised a deferred tax asset of $2,234,000 (2014: $1,798,000) in relation to the investment property portfolio, as it is not probable that future taxable profits will be available against which the Trust can utilise the benefit.

8(a). Cash and cash equivalents

	Consolidated	
	2015 $'000	2014 $'000
Cash held at banks	637	1,209
	637	**1,209**

8(b). Reconciliation of cash flows from operating activities

	Consolidated	
	2015 $'000	2014 $'000
Profit/(loss) before tax	(1,690)	2,875
Adjustments for:		
Gain on debt modification	-	(4,534)
Gain on foreclosure	(1,594)	(4,570)
Amortisation of deferred loan charges and others	41	279
Lease straight-lining	41	35
Changes in fair value of investment properties	1,722	(2,464)
Change in fair value of financial liability	(502)	(234)
Interest received classified as investing activity	(2)	(21)
Borrowing costs	940	6,566
	(1,044)	(2,068)
Change in assets and liabilities during the financial year:		
Change in trade and other receivables and other assets	728	(304)
Change in trade and other payables	(498)	1,308
Borrowing costs paid	(991)	(1,548)
	(761)	**(544)**
Net cash from/(used in) operating activities	**(1,805)**	**(2,612)**

9. Trade and other receivables

	Consolidated 2015 $'000	Consolidated 2014 $'000
Current		
GST receivable	-	77
Other receivable	119	73
	119	**150**

10. Other assets

	Consolidated 2015 $'000	Consolidated 2014 $'000
Current		
Prepaid expenses	69	46
Property related deposits*	-	493
Withholding tax receivable	637	679
	706	**1,218**
Non-current		
Property related deposits*	2,922	3,015
	2,922	**3,015**

* Property related deposits are comprised of tenant improvement reserves, capital replacement reserves, insurance escrows and real estate taxes escrows held in the United States.

11. Investment properties

	Consolidated 2015 $'000	Consolidated 2014 $'000
Non-current		
Investment properties – at fair value	18,359	15,817
	18,359	**15,817**
The movement in carrying amount is reconciled as follows:		
Carrying amount at the beginning of the year	15,817	13,077
Lease straight-lining	(41)	(35)
Improvements to investment properties (including tenant incentives)	730	253
Gain/(loss) due to foreign currency translation	3,575	(737)
Fair value increment/(decrement)	(1,722)	3,259
Carrying amount at the end of the year	**18,359**	**15,817**
Comprising:		
Deferred rental income	1,133	983
Fair value of properties (excluding straight-lining)	17,226	14,834
	18,359	**15,817**

The Directors of the Responsible Entity resolved to retain the Higgins property subsequent to entering into a loan modification agreement with the secured lender and determined it to be classified as investment property for the period ended 30 June 2014.

11. Investment properties (continued)

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 2015 by Colliers International.

The fair value measurement for investment property of $18,359,000 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 11(ii)).

(ii) Level 3 fair value

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

	$'000
Balance at the beginning of the year	15,817
Items included in profit and loss	
• Change in fair value of investment property	(1,722)
• Rental income (Lease straight lining)	(41)
Item included in other comprehensive income:	
• Gain due to foreign currency translation	3,575
Improvements to investment properties	730
Balance at the end of the year	**18,359**

11. 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: 2.0 – 3.0% p/a • Current occupancy rate: 46.9% • Lease up or absorption periods for vacant space: Commences Aug 15 and ends June 17. Total lease up period of 23 months. Average absorption per month of 3,122sft • Vacancy period between leases: 6-9 months • Vacancy factor: 10% commencing in years 3 when property has reached 90% stabilised occupancy • Risk adjusted discount rate: 9.0%.	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 stabilised occupancy is higher/(lower) • The risk adjusted discount rate was lower/(higher).

Leases as lessor

The Consolidated Entity leases out the investment property under operating leases. Leases at the Higgins property are subject to either fixed rent reviews, indexed rent reviews or market rent reviews and subsequent renewals are negotiated with the lessee. No contingent rents are charged. The weighted average lease term at the Higgins property at June 2015 is 3.3 years (2014: 5.1 years for both the Higgins and One Centennial properties). The future minimum lease payments receivable under non-cancellable leases are as follows:

	Consolidated	
	2015	**2014**
Leases as lessor	**$'000**	**$'000**
Less than one year	1,118	1,087
Between one and five years	2,564	2,574
More than five years	3,820	3,114
	7,502	**6,775**

12. Trade and other payables

		Consolidated 2015 $'000	Consolidated 2014 $'000
Current			
Payable to the Responsible Entity (incl.GST)	(see Note 20)	-	144
Trade payables		535	983
Tenants' security deposits		75	61
Rent received in advance		25	81
Accrued real estate taxes		951	811
Accrued interest payable		57	61
		1,643	**2,141**

13. Financial liabilities

	Consolidated 2015 $'000	Consolidated 2014 $'000
Current		
At fair value		
Bank loans – secured	866	706
Total financial liabilities – Current	**866**	**706**
Non-current		
At fair value		
Bank loans – secured	15,999	13,419
Total financial liabilities – Non-current	**15,999**	**13,419**
Total loans and borrowings	**16,865**	**14,125**

Debt maturity profile

The debt maturity profile as at the reporting date was as follows:

Property	Loan maturity date		Rate	2015 $'000	2014 $'000
Current liabilities					
Higgins	1 March 2017	Fixed	6.25%	866	706
				866	**706**
Non-current liability					
Higgins	1 March 2017	Fixed	6.25%	15,999	13,419
				15,999	**13,419**
				16,865	**14,125**

13. Financial liabilities (continued)

Terms and conditions

Higgins

On 30 August 2013 Mariner Higgins LLC ("Borrower") entered into a loan modification agreement with the secured lender which enabled it to retain control of the property. Upon completion of the loan modification agreement the fair value of the secured loan was re-evaluated in accordance with the capital event waterfall (see below) and reclassified from current to non-current liability. The material terms of the agreement include:

- A Note of US$11.0m with a maturity date of 1 March 2017 bearing fixed interest at 6.25%pa. The maturity date can be extended to 1 March 2018 if there has been no event of default and a 1% extension fee is paid;
- B Note of US$6.0m. The note will accrue fixed interest at 6.25% pa. but the interest is only payable (a) if an event of default occurs or (b) in accordance with the capital event waterfall set out below;
- Borrower contributed US$1.1m initially to a capital reserve (equity contribution) accruing a 10% p.a. cumulative coupon. The coupon is payable and the amount contributed is repayable if (a) there is no event of default and (b) in accordance with the cash flow and capital event waterfalls set out below;
- The equity contribution is added to the existing capital reserve accounts 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 monthly contributions to the capital reserve accounts but is entitled to make further equity contributions of up to US$2.0 million. In the event that additional contributions are made, a similar amount can be withdrawn from an existing capital reserve account up to US$950,000;
- The coupon on the capital contribution is paid in accordance with the cash flow waterfall so that the cash flow received is disbursed firstly to pay property taxes, secondly for insurance, thirdly to operating expenses, fourthly to the payment of the interest on the A Note, fifthly to any fees to the loan servicer, and lastly to the capital reserve account until 90% occupancy of the property is achieved after which 50% will be paid on account of the coupon accruing on the capital contribution (**"cash flow waterfall"**);
- In the event that the property is sold or refinanced between 1 December 2016 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 the Borrower's contributions to the capital reserve plus accrued coupon; thirdly 50:50 between the B Note holder up to an amount equal to the B note and interest accrued on the B note and the Borrower and thereafter to the Borrower (**"capital event waterfall"**);
- The property cannot be sold without the lender's consent prior to 1 December 2016;
- The modification is personal to the Borrower and can only be passed on to third parties if approved by the lender.

The Borrower has paid to the lender a modification fee of US$170,000 and legal and other third party costs.

There are no financial covenants in respect of the current loan facilities.

14. Capital and reserves

Capital management

On 24 September 2013, a private placement of 1,601,940 units at $0.365 per unit raised $584,000. The purpose of the placement was to assist in the funding of costs in reviewing potential new property acquisitions.

Between 15 – 19 March 2013, the Responsible Entity redeemed 90,334,472 units of the Trust at a redemption price of $0.5685 per unit.

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term unitholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary issued capital and financial liabilities, supported by financial assets and investment properties.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses, where appropriate and applicable, include the management of debt levels, distributions to unitholders and unit issues. The Group holds one property asset and a loan secured against that asset which is detailed in note 13.

Given the nature of that loan, the level of debt or gearing ratio for the Group is not a relevant measure. Management's capital management strategy is to 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. This may include, but is not limited to, raising additional capital, restructuring the existing loan, entering into a new loan, or some combination of these. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Issued capital

The movement in the Trust's issued capital during the year is shown below:

	2015		2014	
	No. of units	**$'000**	**No. of units**	**$'000**
Opening balance	12,281,540	203,707	10,679,600	203,123
Units issued – placement			1,601,940	584
Redemption of units	-	-	-	-
Closing balance	**12,281,540**	**203,707**	**12,281,540**	**203,707**

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations which are predominantly represented by the Higgins property and its corresponding secured loan. The balance of the translation reserve at 30 June 2015 was $3,868,000 (30 June 2014: ($3,086,000) and will be realised upon disposal of the property and extinguishment of its corresponding secured loan.

15. Financial instruments – Fair values and risk management

The Consolidated Entity's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risks to which the Consolidated Entity is exposed are market risk, currency risk, interest rate risk, credit risk and liquidity risk. The nature and extent of the financial instruments outstanding at the end of the reporting period and the risk management policies employed by the Consolidated Entity are discussed below.

(a) 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.

30 June 2015		Carrying amount				Fair value			
	Note	Designated at fair value $'000	Cash, 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	9	-	119	-	119	-	-	-	-
Cash and cash equivalents	8(a)	-	637	-	637	-	-	-	-
Financial liabilities measured at fair value									
Bank Loans – secured	13	16,865	-	-	16,865	-	-	16,865	16,865
Financial liabilities not measured at fair value									
Trade payables	12	-	-	1,643	1,643	-	-	-	-
30 June 2014									
Financial assets not measured at fair value									
Trade and other receivables	9	-	150	-	150	-	-	-	-
Cash and cash equivalents	8(a)	-	1,209	-	1,209	-	-	-	-
Financial liabilities measured at fair value									
Bank Loans – secured	13	14,125	-	-	14,125	-	-	14,125	14,125
Financial liabilities not measured at fair value									
Trade payables	12	-	-	2,141	2,141	-	-	-	-

15. Financial instruments – Fair values and risk management (continued)

(b) Measurement of fair values

(i) 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 (2015: 6.25%) • Valuation of secured property (2015: $18,359,000) (Refer Note 11)	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)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

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

	Contingent consideration $'000
Balance as at 1 July 2014	14,125
Change in fair value of financial liability	(502)
Loss due to foreign currency translation	3,242
Balance as at 30 June 2015	**16,865**

15. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management

The Consolidated Entity has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

(i) Risk management framework

The Consolidated Entity's Responsible Entity has overall responsibility for the establishment and oversight of the Consolidated Entity's risk management framework. The Responsible Entity has established a framework for developing and monitoring the Consolidated Entity's risk management policies. The Responsible Entity regularly reviews these policies.

The Consolidated Entity's risk management policies are established to identify and analyse the risks faced by the Consolidated Entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Entity's activities.

The Consolidated Entity's Audit Committee oversee how management monitors compliance with the Consolidated Entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Entity.

(ii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Entity's receivables from customers and investments in debt securities.

The Consolidated Entity has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The carrying amounts of financial assets best represent the maximum credit risk exposure at the end of the reporting period. There were no significant concentrations of credit risk to counterparties at 30 June 2015. There are no financial assets that are past due or impaired which are considered to have significant credit risk.

Trade and other receivables

The Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

At 30 June 2015, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

	2015 $'000	2014 $'000
USA	119	73
Australia	-	77
	119	**150**

15. Financial instruments – Fair values and risk management (continued)

(II) Credit risk (continued)

At 30 June 2015, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows:

	2015 $'000	2014 $'000
Government bodies	-	138
Other	119	12
	119	**150**

Impairment

At 30 June 2015, the aging of trade and other receivables that were not impaired was as follows:

	2015 $'000	2014 $'000
Neither past due nor impaired	11	150
1 Month	11	-
2 Months	53	-
3 Months	2	-
4 Months +	42	-
	119	**150**

An analysis of the credit quality of trade and other receivables that are neither past due nor impaired is as follows:

	2015 $'000	2014 $'000
External credit ratings at least A1 from rating	119	150
	119	**150**

15. Financial instruments – Fair values and risk management (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation. The Consolidated Entity's liquidity risk is monitored on a monthly basis by the Responsible Entity.

The table below presents cash flows on financial liabilities payable by the Consolidated Entity by remaining contractual maturities at the end of the reporting period. The amounts disclosed are the contractual, undiscounted cash flows:

			Contractual cash flows			
	Carrying amount $'000	Total $'000	6 months or less $'000	6-12 months $'000	12-24 months $'000	More than 24 months $'000
2015						
Non-derivative financial liabilities						
Trade payables	1,643	1,643	617	1,026	-	-
Loans and borrowings	16,865	16,865	440	426	15,999	-
	18,508	**18,508**	**1,057**	**1,452**	**15,999**	**-**
2014						
Non-derivative financial liabilities						
Trade payables	2,141	2,141	2,141	-	-	-
Loans and borrowings	14,125	14,125	358	348	663	12,756
	16,266	**16,266**	**2,499**	**348**	**663**	**12,756**

There are no cash flows associated with derivatives that are cash flow hedges and that are expected to occur and impact profit or loss

15. Financial instruments – Fair values and risk management (continued)

(iv) 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 Consolidated Entity's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The strategy on the management of investment risk is driven by the Trust's investment objective. The market risk is managed on a daily basis by the Responsible Entity in accordance with the investment guidelines as outlined in the Trust's PDS and subsequent announcements.

Currency risk

The Trust is exposed to exchange rate fluctuations on its investments in the United States of America ("USA"), since its USA investment is denominated in Australian dollars ("AUD"). The US REIT invests in properties in the USA acquired with USA dollars ("USD") loans which provide a partial natural hedge.

As at the reporting date, the Consolidated Entity's total gross exposure to financial assets and liabilities which are held in foreign currency at the end of the reporting period was as follows:

	2015		2014	
	AUD $'000	USD* $'000	AUD $'000	USD* $'000
Cash and cash equivalents	10	627	499	710
Receivables and other assets	-	119	77	73
Other assets - current	681	24	18	1,200
Other assets - non-current	-	2,922	-	3,015
Payables	(170)	(1,473)	(610)	(1,531)
Loans and borrowings	-	(16,865)	-	(14,125)
Net statement of financial position exposure	**521**	**(14,646)**	**(16)**	**(10,658)**

* These amounts are expressed in AUD but represent financial instruments that are denominated in USD and converted to AUD on consolidation.

15. Financial instruments – Fair values and risk management (continued)

(iv) Market risk (continued)

Currency risk (continued)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the AUD against the USD at 30 June 2015 would have affected the measurement of financial instruments and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Consolidated			
	Profit or loss		Equity, net of tax	
	Strengthening $'000	Weakening $'000	Strengthening $'000	Weakening $'000
30 June 2015				
USD (10% movement)	1,467	(1,467)	1,467	(1,467)
30 June 2014				
USD (10% movement)	1,066	(1,066)	1,066	(1,066)

Interest rate risk

The US REIT does not have any floating rate mortgage loans. The Trust's total loans of $16,865,000 are fixed interest rate loans.

Exposures arise predominantly from assets and liabilities bearing fixed interest rates. The Consolidated Entity's exposure to interest rate risk is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements. As at the reporting date, the interest rate profile of the Consolidated Entity's interest bearing financial instruments as reported was:

	Consolidated	
	2015 $'000	2014 $'000
Fixed-rate instruments		
Loans and borrowings	(16,865)	(14,125)
Variable-rate instruments		
Cash and cash equivalents	637	1,209

16. Earnings per unit

The calculation of basic earnings/(loss) per unit at 30 June 2015 was based on the loss attributable to unitholders of the Trust of 1,689,716 (2014: $2,874,579) and a weighted average number of units outstanding of 12,281,540 (2013: 11,899,708), calculated as follows:

	2015 $	2014 $
Net profit/(loss) attributable to unitholders of the Trust	**1,689,716**	**2,874,579**

	2015	2014
Weighted average number of units (basic)		
In units		
Issued units at 1 July	12,281,540	10,679,600
Effect of units issued	-	1,220,108
Weighted average number of units at 30 June	**12,281,540**	**11,899,708**

Diluted earnings per unit

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

17. Operating segments

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

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.

17. Operating segments (continued)

Consolidated Entity – 2015	USA	Australia	Total
	$'000	$'000	$'000
External revenues	2,451	-	2,451
Interest income	-	2	2
Gain on foreclosure	1,594		1,594
Net gain/(loss) on foreign exchange	-	159	159
Other income	(12)	97	85
Total income	4,033	258	4,291
Borrowing costs	933	7	940
Other operating expenses	2,650	1,171	3,821
Total expenses	3,583	1,178	4,761
Changes in fair value of investment properties	(1,722)	-	(1,722)
Change in fair value of financial liability	502	-	502
Loss before income tax	(770)	(920)	(1,690)
Income tax	-	-	-
Profit/(loss) after income tax	**(770)**	**(920)**	**(1,690)**
Segment assets	22,050	693	22,743
Segment liabilities	18,338	170	18,508

Consolidated Entity – 2014	USA	Australia	Total
	$'000	$'000	$'000
External revenues	5,362	-	5,362
Interest income	-	21	21
Gain on debt modification	4,534	-	4,534
Gain on foreclosure	4,570	-	4,570
Net gain/(loss) on foreign exchange	-	40	40
Other income	73	7	80
Total income	14,539	68	14,607
Borrowing costs	6,638	-	6,638
Other operating expenses	4,619	3,173	7,792
Total expenses	11,257	3,173	14,430
Changes in fair value of investment properties	2,464	-	2,464
Change in fair value of financial liability	234	-	234
Loss before income tax	5,980	(3,105)	2,875
Income tax	-	-	-
Profit/(Loss) after income tax	**5,980**	**(3,105)**	**2,875**
Segment assets	**17,729**	**3,680**	**21,409**
Segment liabilities	**15,656**	**610**	**16,266**

18. Parent entity

As at, and throughout, the financial year ended 30 June 2015 the parent entity (**"Parent Entity"**) of the Consolidated Entity was the Trust.

Results of the Parent Entity	2015 $'000	2014 $'000
Loss for the year	(920)	(3,105)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(920)**	**(3,105)**

Financial position of the Parent Entity at year end	2015 $'000	2014 $'000
Current assets	693	1,869
Non-current assets	1,537	1,811
Total assets	2,230	3,680
Current liabilities	170	610
Total liabilities	170	610

Total equity of the Parent Entity comprising of:	2015 $'000	2014 $'000
Issued capital	203,707	203,707
Reserves	(3,185)	(3,185)
Accumulated losses	(198,462)	(197,452)
Total equity	**2,060**	**3,070**

19. Group Entities

		Consolidated Entity Interest	
Parent Entity	**Class of units**	**30 June 2015 %**	**30 June 2014 %**
Real Estate Capital Partners USA Property Trust			
Controlled entities			
RCU RRT, LLC	Ordinary	99.9	99.9
Mariner American Property Income REIT, Limited	Ordinary	99.9	99.9
Controlled entities of Mariner American Property Income REIT, Limited			
Mariner Higgins LLC	Ordinary	100	100
Mariner One Centennial LLC	Ordinary	100	100

The parent entity is incorporated in Australia whilst the controlled entities are incorporated in the USA. Mariner American Property Income REIT Limited and RCU RRT LLC also have preferred units on issue held by external parties. Overall, Real Estate Capital Partners USA Property Trust owns 99.9% of the issued capital of Mariner American Property Income REIT Limited and RCU RRT LLC.

There are no significant restrictions which restrict the ability of the controlled entities to transfer funds to the parent by way of cash distributions or loan repayments.

20. 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 (formerly Real Estate Capital Partners Managed Investments Limited) (the "Responsible Entity") and its related party, Zerve Pty Limited are considered to be related parties of the Trust. In the prior corresponding period Real Estate Capital Partners Pty Limited, Real Estate Capital Partners Management Pty Limited and RCU Services Inc. were also 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 financial year were as follows:

Ben Dillon	(Appointed 20 July 2012)
Barry McWilliams	(Appointed 20 July 2012; Resigned 28 November 2014)
Antony Wood	(Appointed 20 July 2012; Resigned and appointed alternate Director 7 October 2014; Re-Appointed Director 28 November 2014)
Ed Psaltis	(Appointed 7 October 2014; Resigned 25 November 2014)
Andrew Saunders	(Appointed 7 October 2014)

Subsequent to the transfer of the Responsible Entity to Real Estate Capital Partners Pty Limited on 20 July 2012, the remuneration expenses of the Directors of the Responsible Entity for work done within the Director's usual appointment is paid for by the Responsible Entity out of the Responsible Entity's fee. Work done by Directors outside of work customarily carried out by Directors is paid for by and charged as an expense to the Trust.

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

Unit holdings of the Responsible Entity and its key management personnel

Other than as noted below, neither the Responsible Entity nor its key management personnel held any units in the Trust during the financial year (2014: Nil).

Mr. Ben Dillon holds 2,000 units in the Trust and Mr. Andrew Saunders, the Company Secretary of the Responsible Entity, and his associates own 1,167,267 units in the Trust. As at 30 June 2015 there were 784,674 units held by the Responsible Entity in trust for Unitholders who participated in the Small Parcel Sales Facility (SPSF) which was announced on 25 March 2015. A broker has been appointed to sell the balance of these units. 90,000 units were sold on market prior to 30 June 2015 with the balance of the units to be sold in an effective and efficient manner.

Related party investments held by the Trust

As at 30 June 2015 the Trust held no investments in the Responsible Entity, the former Investment Manager or their associates (2014: Nil).

20. Related parties (continued)

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

		2015 $	2014 $
Transactions with related parties – Consolidated:			
Charged by the Responsible Entity			
• Responsible Entity fees	(see i below)	138,340	443,323
• Expense recoveries	(see ii below)	527,393	895,252
Charges by Zerve Pty Ltd			
• US asset management fees	(see ii below)	499,871	522,635
		1,165,604	**1,861,210**
Balances outstanding with related parties – Consolidated			
Included in payables:			
To the Responsible Entity			
• Responsible Entity fees		-	123,289
• Expense recoveries		-	21,122
	(see Note 12)	-	**144,411**

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

ii In the prior period $522,635 paid to Zerve Pty Limited, a party related to the company secretary of the responsible entity, for asset management services was included in expense recoveries. In the current period these fees have been separately disclosed with prior period comparative updated accordingly

21. Capital commitments

As at 30 June 2015 the Consolidated Entity had no outstanding capital commitments for the refurbishment of the Higgins property (30 June 2014: $352,912).

22. Contingencies

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.

23. Events subsequent to the end of the reporting period

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Responsible Entity, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Directors' declaration

1. In the opinion of the Directors of Quattro RE Limited ("Responsible Entity"), the Responsible Entity for the Real Estate Capital Partners USA Property Trust ("Trust"):

   (a) the consolidated financial statements and notes, set out on pages 10 to 43, 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 30 June 2015 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   (b) subject to the matters described in Note 2(b) ("Going concern") there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from persons performing the chief executive function and chief financial officer function for the year ended 30 June 2015.

3. The Directors draw attention to Note 2(a) of the financial report which contains a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Responsible Entity:

Ben Dillon
Director

Sydney, 31 August 2015

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

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INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF REAL ESTATE CAPITAL PARTNERS USA PROPERTY TRUST

We have audited the accompanying financial report of Real Estate Capital Partners USA Property Trust (the "Trust"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Quattro RE Limited (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 Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF REAL ESTATE CAPITAL PARTNERS USA PROPERTY TRUST

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Real Estate Capital Partners USA Property Trust is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(b) to the financial statements which indicate that the Trust has deficiency of working capital of $887,000 and no consistent expected source of income for the next 12 months out of which it can meet ongoing operating expenses. As set out in note 2(b), the Trust continues to require cash to settle its ongoing operating expenses and will require additional financing to meet these obligations in the future which may include a raising of additional funds via a capital raising. 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.

Mark Godlewski

M A GODLEWSKI
Partner
31 August 2015

Pitcher Partners

PITCHER PARTNERS
Sydney

Corporate governance statement

The responsible entity for the Real Estate Capital Partners USA Property Trust ("**the Trust**") (ASX: RCU) is Quattro RE Limited ("**Responsible Entity**") ABN 55 115 913 810, AFSL 299074.

The following sets out the Responsible Entity's Corporate Governance Practices and compliance with the ASX's Corporate Governance Principles and Recommendations (3rd edition) for the period from 1 July 2014 to 30 June 2015 in accordance with ASX Listing Rule 4.10.3.

Principle 1
Lay solid foundations for management and oversight

The role of the Responsible Entity is to manage the Trust in the unitholders' best interests in accordance with the Trust's Constitution and the *Corporations Act* 2001.

The Board of the Responsible Entity
The Board of the Responsible Entity is appointed by the owner of the Responsible Entity and holds office until required to resign under the terms of the Responsible Entity's Constitution. Reappointment and new appointments will be made in accordance with director appointment policies adopted by the Board of the Responsible Entity. Responsibility for corporate governance matters resides with the Board of the Responsible Entity.

Charter
The Board has adopted a Board Charter that sets out the roles and responsibilities of the Board of Directors.

In the Charter, the Board acknowledges that, in discharging its duties to the unitholders of the schemes for which the Responsible Entity acts as a responsible entity (including the Trust), the interests of the unitholders may be different from those of its shareholder and that it has a duty to act in the best interests of unitholders including, where necessary, give priority to those interests where they conflict with the interests of the of the Responsible Entity.

The Charter includes requirements that the Board will:
- Provide strategic direction upon the Trust's business strategies and objectives
- Approve and monitor the acquisition, sale and financing of the Trust's assets
- Monitor the operational and financial position and performance of the Trust
- Identify the principal risks faced by the Trust and monitoring the effectiveness of risk management systems
- Ensure that financial disclosure and reporting mechanisms result in adequate, accurate and timely information
- Ensure that the market is kept informed of material developments
- Review and evaluate the chief executive officer's performance
- Review and evaluate Board performance
- Maintain corporate governance standards and adhere to ASX Corporate Governance Council's Principles and Recommendations (as may be revised from time to time)

Corporate governance statement (continued)

Principle 1 (continued)

Compliance Committee

The Trust is not required to have a Compliance Committee because a majority of Directors of the Responsible Entity are "external" for the purpose of s601 JA(2) of *Corporations Act* 2001. It was the Board's intention to establish a separate Compliance Committee but the appointment of a Committee was deferred having regard to the reduction in the scale of the Trust following the sale of the substantial assets of the Trust in February 2013 and the subsequent redemption of approximately 90% of the Trusts units in March 2013.

Pending the appointment of the Compliance Committee, the Board has adopted a Charter which sets out its duties, responsibilities and reporting requirements when acting as a Compliance Committee.

The Board acting as a Compliance Committee monitors the extent to which the Responsible Entity complies with the Trust's Compliance Plan, the Trust's Constitution and the *Corporations Act.*

The Board acting as a Compliance Committee meets quarterly, or as necessary, and is provided with comprehensive compliance reports. The Board minutes its findings when acting as a Compliance Committee in the Board minutes.

The Board when acting as a Compliance Committee has access to all information relevant to the Responsible Entity's compliance with the Compliance Plan and the *Corporations Act.*

The Board when acting as a Compliance Committee may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of the Responsible Entity.

Compliance monitoring and reporting

A compliance manager has been appointed who is responsible for reviewing and monitoring the efficiency of compliance and risk management systems on an ongoing basis, and ensuring that appropriate compliance and risk mitigation measures are in place.

The compliance manager provides reports at least quarterly for the Board and the Compliance Committee as well as for the business areas responsible for the day to day delivery of business activities.

The compliance manager may report matters directly to the Board without reference to any other party.

The Investment Manager and the service providers provide regular reporting to the Responsible Entity and an annual certification of its ongoing capacity to continue to meet its obligations.

Services Agreement

The Responsible Entity does not have its own employees and has entered into services agreements with persons including related parties to provide the resources necessary to enable the Responsible Entity to undertake operational management of the Trust.

Performance Evaluation

Where service providers are engaged to provide specified activities for the Trust, the engagement is under written agreements and includes performance and service delivery requirements that are subject to monitoring, review and reporting to the Responsible Entity. The compliance manager conducts an annual review of the performance of all service providers.

Corporate governance statement (continued)

Principle 2: Structure of the board to add value

Composition
There are currently three Directors of the Responsible Entity. The majority of Directors (2 out of three) are independent directors. An independent director is understood as a non executive director who is free from any business or other relationship that could materially interfere with, or be perceived materially to interfere with, the independent exercise of their judgment.

Details of the Directors' experience, qualifications and committee membership are set out below.

Ben Dillon
Independent Chairman
Mr Dillon has over 20 years business experience and is Chairman of Quantum Funds Management Limited, a specialised real estate fund manager. His experience is broad based across a variety of business related roles including Westpac where he was Head of Property in Institutional Bank.

Prior to this Mr Dillon was an executive at Macquarie Bank Limited where he specialised in hospitality and leisure property transactions and also a Partner and Director of corporate finance at KPMG. He is a graduate in Economics and Law from the University of Sydney and holds a Masters of Management (Marketing) from the Macquarie Graduate School of Management. He is a Chartered Accountant, a Fellow of the Financial Services Institute of Australasia and a Member of the Royal Institution of Chartered Surveyors. Mr Dillon is also a member of the Audit and Risk Management Committee.

Tony Wood
Independent Director
Mr Wood is based in New York and is active across an international platform including the Australian, Asian and North American markets. He has over 25 years relevant experience, having previously been Managing Director and founding principal of Blaxland Group until its sale in late 2011.

Former roles have included Director, Jones Lang LaSalle and senior fiduciary positions with BZW-Mirvac, BT Funds Management and Record Investments. Tony's experience encompasses traditional real estate investment with management of listed and unlisted funds, mergers and acquisitions as well as debt and equity finance. Tony holds a B.Sc.(Hons) in Estate Management from Heriot-Watt University in the UK. He is a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Australian Property Institute. Tony is also a member of the Audit and Risk Management Committee.

Andrew Saunders
Director
Mr Saunders has more than 25 years' experience working across the property, banking and funds management industries in Sydney, London, Singapore and the US. Andrew has an established international contact network and considerable expertise in real estate financing, equity securitization, cross border tax structuring, risk management and the building of funds management teams.

He has worked across these various disciplines with Leighton's, CB Richard Ellis, Knight Frank, Macquarie Bank, and Challenger and between 2007 to 2013, he established and operated a joint venture funds management business with the Mulpha Group, Australia. Andrew formed the Quattro business in 2014, which is owned by Andrew and associated family interests.

Corporate governance statement (continued)

Principle 2: Structure of the board to add value
Composition (continued)

Independent Professional Advice
With the approval of the Chairman, Directors may seek independent professional advice, at the expense of the Responsible Entity, to assist them in carrying out their duties as Directors.

Appointment
The appointment of Directors to the Board of the Responsible Entity is made by the Board following recommendation from the Nomination Committee. The Nomination Committee comprises the following Directors:

- Ben Dillon
- Andrew Saunders

These appointments are made, having regard to a range of criteria, the skills and experience of the nominee, diversity considerations and the business of the company. A formal letter of appointment is issued to the successful nominee. Remuneration is agreed by the Responsible Entity in consultation with the successful nominee. The renewal of an appointment is considered by the Nominee Committee.

Board Performance
Performance of the Board is reviewed by the Chairman in accordance with the Board Charter. In doing so, the Chairman reviews the composition and effectiveness of the Board both individually and as a whole, and seeks to identify where improvement might be made and to assess the quality and effectiveness of information that is provided to the Directors.

The Board also undertakes an annual self assessment of the performance of the Board and individual Directors, facilitated by the Company Secretary. The review includes confidential discussions with individual Directors. The results of these discussions are reviewed by the Board.

Compliance Committee Performance
At least annually, the Board considers the performance of the Board sitting as a Compliance Committee, with a view to identifying areas for improvement and to assess the quality and effectiveness of information it is receiving. The Board will undertake this review both at an individual level and in relation to the Committee as a whole.

Corporate governance statement (continued)

Principle 3: Promote Ethical and Responsible Decision Making

Access to documents
The Board has access to all documents and information necessary to discharge its duties and responsibilities.

Code of Conduct
The Directors and the Trust's management team are required to conduct themselves in accordance with the Code of Conduct.

This Code sets out standards of professional behaviour in areas such as conflict of interest, professional conduct and confidentiality.

Securities Trading Policy
The Responsible Entity has no employees and has outsourced all of its functions to agents which include related parties.

All Directors and officers and all agents who provide management functions to the Trust, are prohibited from trading in securities when in possession of unpublished price sensitive information.

Each Director has agreed to provide notice to the Responsible Entity of any dealings in securities within three business days of such dealings so that the Responsible Entity can comply with its obligation to notify the ASX.

Diversity
The Code of Conduct sets out the Board's commitment to achieving diversity in the appointment of Directors and the engagement of agents to provide management functions to the Trust. The Code of Conduct does not, however, set out the measurable objectives for achieving this commitment. The Board recognises that the Trust is relatively small and has limited operations and that the achievement of diversity is a longer term objective for the Trust.

Corporate governance statement (continued)

Principle 4: Safeguard Integrity in Financial Reporting

Audit Committee
The Board has established an Audit and Risk Management Committee. The Committee comprises two members both of whom are independent.

The Committee is a committee of the Board, and as such its performance is incorporated into the Board's performance review.

The Committee has a Charter, approved by the Board, which sets out the Committee's functions, duties, responsibilities, composition and proceedings.

The functions of the Committee are to:
- Consider the integrity of the Trust's financial statements
- Monitor the relationship with the Trust's external auditors
- Assess the propriety of related party transactions
- Assist in the maintenance of an effective risk management framework
- Consider the adequacy of insurance policies
- Make recommendations to the Board on significant accounting and financial policies

The duties and responsibilities of the Committee are to:
- Monitor the integrity of financial statements
- Review and approve the audit plans and ensure that those plans are properly carried out
- Determine that no management restrictions are being placed upon the audit function of either the internal or external auditors
- Review and approval all accounting policy changes
- Oversee the independence of the external auditors and their appointment
- Monitor the performance of the audit function

The Chairman of the Board is not permitted to be Chairman of the Audit and Risk Management Committee. The members of the Committee are:
- Tony Wood (Chairman)
- Ben Dillon

At least once a year the Audit and Risk Management Committee will meet the external auditor. It also meets separately with the external auditor independently of management.

Appointment of Auditor
Pitcher Partners is the current Auditor for the Responsible Entity for:
- The managed investment schemes for which the Responsible Entity is the responsible entity
- The compliance plans for those registered managed investment schemes.

Pitcher Partners has been appointed Auditor for the 2015 financial year and has appointed an audit partner for the compliance plan audits who is different from the individual partners responsible managed investment scheme audits. Previously KPMG were the Auditors for the US subsidiaries and the Parent entity for the periods 2008/09 to December 2014. Given the change in the US subsidiaries Auditor at 31 December 2014, and the reduced nature of the Trusts operations, it was agreed by the Board that a new Audit firm affiliated with the US Auditor be appointed to the Parent entity.

The appointment and removal of the external auditor is regulated by the *Corporations Act.*

Corporate governance statement (continued)

Principle 5: Make Timely and Balanced Disclosure

Continuous Disclosure Policy and Procedures
The Responsible Entity has continuous disclosure procedures designed specifically to identify matters requiring disclosure and to allow appropriate announcements to be made in a timely manner consistent with the ASX Listing Rules.

These procedures are in place to ensure that unitholders and the market are provided with full and timely information about the Trusts activities. They form part of the protocols for managing the use and disclosure of information and correlate with the policies described in Principle 3.

The Company Secretary has a duty to inform the Board promptly of any matter that can be reasonably expected to have a material impact on the value of the Trust's operates policies and procedures.

The release of price-sensitive information is made first through the ASX before release to any other party, and is the responsibility of the Company Secretary.

Upon confirmation by the ASX of the release of information to the market, the announcement is posted to the website of the Trust to ensure accessibility to the widest audience. Presentations of material to analysts, brokers and the media are all subject to these disclosure practices.

The continuous and periodic disclosure requirements are embedded into the Trust's Compliance Plan, which is subject to ongoing compliance monitoring and forms part of the annual external compliance audit plan.

Principle 6: Respect the Rights of Unitholders

Communications Policy
The Directors of the Responsible Entity are committed to open and effective communication, ensuring that unitholders are informed of all significant developments concerning the listed vehicles for the Responsible Entity.

The Trust produces two sets of audited financial information each year, the annual report for the year ended 30 June and the half year report for the six months ended 31 December. Both of these are made available to unitholders and other interested parties.

Communication with unitholders is principally conducted through the website, which directs unitholders to all market announcements, presentations and current financial information material. The Directors of the Responsible Entity encourage unitholders to receive electronic communications.

Corporate governance statement (continued)

Principle 6: Respect the Rights of Unitholders (continued)
Communications Policy (continued)

The types of communication available via the website include:

- All disclosures made to the ASX
- Annual and half year reports
- All investor bulletins and presentations by the Trust's management team
- All correspondence from the Board Chairman sent to unitholders
- All policies and summaries of charters
- Any detailed results information relating to the most recent reporting period.

Principle 7: Recognise and Manage Risk

Risk Management and Internal Controls
The Responsible Entity is the holder of an Australian Financial Services Licence and accordingly is required to have in place processes including compliance, risk management and internal controls appropriate to the nature, scale and complexity of its business to enable it to meet its obligations under the financial services laws.

As part of the overall process to manage risk, the Directors of the Responsible Entity are provided declarations that are required to be made in accordance with section 295A of the *Corporations Act*. When receiving the declaration, the Responsible Entity is provided with assurance from the Chief Financial Officer and Executive Officer that the declaration is based on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial risks. Additional information may be found in the Financial Report under the section "Directors' Declaration"

Corporate governance statement (continued)

Principle 7: Recognise and Manage Risk (continued)
In addition, the Responsible Entity recognises that effective risk management forms part of its approach to creating unitholder value over the life of the Trust. The Responsible Entity has implemented policies and internal controls to ensure that the Trust's assets are protected and material risks are identified and appropriately managed.

The compliance manager monitors and reports to the Board on the risk management system.

The Responsible Entity has in place an integrated risk management framework that enables the identification, assessment, management and reporting of risks.

The Responsible Entity recognises the strategic risks that need to be managed and undertakes a formal review of the Trusts strategy when necessary.

In particular, the Responsible Entity has identified a set of core risks that it believes could directly impact the Trust, and that are inherent in the environment in which it operates, which include:

- Financial risks, specifically
    - Macroeconomic conditions (broader economic and monetary policy conditions)
    - Refinancing and capital expenditure (cost of capital to fund development and financial arrangements)
    - Market volatility (impacts on valuation of assets, financing arrangements, and the price of the Trust securities)
- Property risk (risk to assets, development and redevelopment projects)
- Basis risk – relative pricing of securities
- Liquidity risk – the ability to liquidate a security with minimum delay
- Counter party risk (Credit Risk including Pre-Settlement and Settlement Risk) – risk that a party to a contract will not perform to the terms of the contract
- Business risk – risk that the business model is unsustainable
- Investment Risk – risk that investments in underlying asset are unsound, arising from poor investment processes or poor execution of those processes
- Operations Risk – deficiencies in internal procedures and controls leading to financial loss
- Legal Risk – that contracts are not legally enforceable or documented incorrectly
- Fiduciary Risk – risk that poor compliance and/or monitoring procedures will result in litigation from clients, investors and/or investee companies
- Human resources risk – failure to provide adequate or insufficiently trained specialists to undertake the required tasks and/or failure to appropriately segregate duties amongst staff and/or failure to assign appropriate accountabilities
- Derivatives can be used to mitigate market, basis and/or liquidity risk. A culture of process management, compliance and corporate governance should assist in mitigating the prospect of business, investment, operations, fiduciary and human resource risk
- Insurance risk (assets, contractors and service providers)
- Environmental and sustainability risks, including those arising from government policy.

The risk management structure is further supported by the Trust's Compliance Plan, which identifies and manages the statutory risk applicable to the Trust, its control methodologies and the monitoring obligations of the Trust. The Compliance Plan is available to all unitholders of the Trust on request.

Operational risks are monitored and managed on an ongoing basis by the Trust's management team, and supported by a number of other functional areas that include finance, research, property management services, legal and audit, which provide information, data and reporting.

Corporate governance statement (continued)

Principle 7: Recognise and Manage Risk (continued)

Risk Management and Internal Controls (continued)

Mitigation planning and monitoring is achieved through a range of methods. These include:

- The construction of terms of contract where service providers are engaged and the active management of those contracts
- Reviews to ensure that changes to statutory, government policy and sustainability risk are communicated to the business in a timely manner to plan for expected operating activity amendments
- Financial risk is managed through a dedicated finance function (financial control and reporting, capital management strategy and forecasting and analytics).

Principle 8: Remunerate Fairly and Responsibly

Remuneration

The Responsible Entity does not have a remuneration committee as it does not employ any personnel directly. The remuneration arrangements for the Directors are set by the Responsible Entity. Only independent Directors are remunerated for their duties – it is the practice of the Responsible Entity that no senior executives or non executive directors are remunerated for Director appointments.

Expense Reimbursement

Directors are entitled to be reimbursed for reasonable expenses incurred in the performance of their duties.

ASX Additional information

Real Estate Capital Partners USA Property Trust (the **"Trust"**) is a registered managed investment scheme established and domiciled in Australia. The Trust is listed on the Australian Securities Exchange (**"ASX"**) under the code: RCU. Real Estate Capital Partners Managed Investments Limited, a wholly-owned subsidiary of Real Estate Capital Partners Pty Limited, is the Responsible Entity of the Trust.

The following information in relation to unit holdings is provided as at 13 August 2015.

Substantial unitholders

The number of units held by the Trust's substantial unitholders and the date on which the last notice was lodged with the ASX are as follows:

	Date of notice	No. of securities	% of issued capital
Mr Andrew John Saunders	2 Mar 15	1,167,267	9.50
Mr Simon Robert Evans & Mrs Kathryn Margaret Evans (Kamiyacho Super Fund Account)	19 Dec 14	1,994,337	16.24
Laurus Limited	12 Sep 14	2,000,000	16.28

Voting rights

The provisions of the *Corporations Act 2001* governing proxies and voting for meetings of members of registered managed investment schemes apply to the Trust except that no objection may be made to any vote cast at a meeting unless the objection is made at the meeting.

For so long as the Trust is listed on the ASX, the Responsible Entity and its associates are entitled to vote their interest on resolutions to remove the Responsible Entity and choose a new Responsible Entity.

Distribution of equity securities

Analysis of numbers of equity security holders by size of holdings:

Range	No. of unitholders	No. of securities	% of issued capital
1 to 1,000	164	73,205	0.60
1,001 to 5,000	195	590,767	4.81
5,001 to 10,000	105	766,854	6.24
10,001 to 100,000	107	2,853,814	23.24
100,001 and Over	17	7,996,900	65.11
Total	**588**	**12,281,540**	**100.00**

The number of security investors holding less than a marketable parcel of 4,000 securities ($0.125 on 11 August 2015) is 299 and they hold 388,438 securities.

On-market buy back

There is no current on-market buy-back.

ASX Additional information (continued)

Twenty largest equity security holders

The 20 largest holders of quoted equity securities at 12 August 2015 are set out below:

	No. of securities	% of issued capital
Laurus Limited	2,000,000	16.28
Mr Simon Robert Evans & Mrs Kathryn Margaret Evans (Kamiyacho Super Fund Account)	1,705,553	13.89
Quattro RE Limited	784,674	6.39
Real Estate Capital Partners Management Pty Ltd	560,970	4.57
Maryton Australia Pty Limited	435,673	3.55
Mr. Andrew John Saunders	366,297	2.98
ABN AMRO Clearing Sydney	321,419	2.62
Mr. Simon Robert Evans (Mstr Liam Evans Account)	300,072	2.44
Bond Street Custodians Limited (BHRNJA – PF0533 Account)	244,109	1.99
Hersham Holdings Pty Limited (Hersham Family Account)	240,000	1.95
Mr Jinxiang Lu	195,477	1.59
Convest Pty Limited	190,280	1.55
Berger Equities Pty Ltd	160,000	1.30
Mr Wenrong Lu	147,500	1.20
Mr. Albert Serchong Chen	120,000	0.98
Mrs Cuixian Wang	115,697	0.94
HSBC Custody Nominees	109,179	0.89
Matching Pty Ltd	94,880	0.77
Mr Ying He	93,188	0.76
Mr Barry Robert Leane & Mrs Lynette Julie Lean (Holdfast Super Fund Account)	89,373	0.73
Total	**8,274,341**	**67.37**

Corporate directory

Registered and Administration office

Quattro RE Limited (formerly Real Estate Capital Partners Managed Investments Limited)
as responsible entity for Real Estate Capital Partners USA Property Trust
Level 9
117 Macquarie Street
Sydney NSW 2000
AUSTRALIA
Phone: 1800 622 812

Company secretary: Mr Andrew Saunders

Unit registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
AUSTRALIA
Phone: 02 8280 7111

Auditor

Pitcher Partners
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000

Website

www.recap.com.au/rcu