

CorVal Industry House Trust
ARSN: 139 802 038

(Responsible Entity: CorVal Partners Limited ABN: 86 130 628 830)

Financial Statements

For the Half Year Ended 31 December 2012

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**CORVAL INDUSTRY HOUSE TRUST
ARSN 139 802 038**

**RESPONSIBLE ENTITY REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

The Directors of CorVal Partners Limited, the Responsible Entity, present their half year report on the CorVal Industry House Trust ('the Trust') for the half year ended 31 December 2012.

The Trust was established on 23 April 2009. On 16 October 2009 the Trust was registered as a managed investment scheme. The Trust became a disclosing entity on 21 January 2010.

1. Directors

The names of Directors of the Responsible Entity in office at any time during or since the end of the half year are:

Ian O'Toole
Robert Rayner
Kevin Neville

The Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

2. Principal Activities

The principal activity of the Trust is investment in commercial real estate, for the purpose of earning revenue in the form of rent. The Trust seeks to offer a stable, tax effective income investment stream coupled with growth potential over the longer term, through the management of Industry House, a 14 storey commercial office building located at 10 Binara Street, Canberra.

3. Review of Operations

The value of the Trust's property as at 31 December 2012 was \$144,000,000 (30 June 2012: \$144,000,000). The net profit for the half year ended 31 December 2012 was \$2,939,622 (31 December 2011, \$1,889,736). The net tangible asset ('NTA') of the Trust as at the end of the half year is \$1.03 per unit.

4. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Board of Directors of CorVal Partners Limited by:


Rob Rayner
Director


Kevin Neville
Director

Dated in Sydney, this 26th day of February 2013

Grant Thornton Audit Pty Ltd
ACN 130 913 594

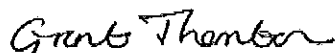
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**Auditor's Independence Declaration
To the Directors of CorVal Partners Limited, the Responsible Entity of
CorVal Industry House Trust**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of CorVal Industry House Trust for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A. Sheridan
Partner - Audit & Assurance

Sydney, 26 February 2013

CORVAL INDUSTRY HOUSE TRUST
ARSN 139 802 038

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Half year	
	31 December 2012	31 December 2011
	\$	\$
Revenue and other income		
Property rental	6,330,483	5,951,438
Interest income	67,727	76,616
Other income	-	50,272
Total revenue and other income	6,398,210	6,078,326
 Expenses		
Direct property expenses	765,029	698,121
Administration expenses		
- Management fees	372,210	371,308
- Custodian fees	14,765	14,780
- Registry fees	16,606	23,054
- Other administration expenses	24,745	71,374
Loss on fair value of investment property	38,579	-
Net loss on derivative financial instruments	381,560	814,674
	1,613,494	1,993,311
 Finance costs	1,845,094	2,195,279
Profit for the period	2,939,622	1,889,736
 Other comprehensive income	-	-
Total comprehensive income for the period attributable to unitholders	2,939,622	1,889,736

The accompanying notes form part of these financial statements.

CORVAL INDUSTRY HOUSE TRUST
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31 December 2012 \$	30 June 2012 \$
Current assets			
Cash and cash equivalents		2,056,452	1,849,527
Trade and other receivables		255,819	254,701
Other financial asset		1,376,689	1,407,556
Total current assets		3,688,960	3,511,784
Non-current assets			
Investment property		144,000,000	144,000,000
Total non-current assets		144,000,000	144,000,000
Total assets		147,688,960	147,511,784
Current liabilities			
Trade and other payables		2,502,842	2,475,254
Derivative financial instruments		627,755	838,346
Total current liabilities		3,130,597	3,313,600
Non-current liabilities			
Derivative financial instruments		814,322	222,171
Interest-bearing liabilities		66,976,693	66,969,973
Total non-current liabilities		67,791,015	67,192,144
Total liabilities		70,921,612	70,505,744
Net assets		76,767,348	77,006,040
Equity			
Issued capital	2	70,734,251	70,734,251
Retained earnings		6,033,097	6,271,789
Total equity		76,767,348	77,006,040

The accompanying notes form part of these financial statements.

CORVAL INDUSTRY HOUSE TRUST
ARSN 139 802 038

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2011	70,018,487	7,645,940	77,664,427
Total comprehensive income for the half year	-	1,889,736	1,889,736
Transactions with unitholders in their capacity as unitholders:			
Units issued	715,764	-	715,764
Distributions paid/payable to unitholders	-	(3,084,857)	(3,084,857)
Balance at 31 December 2011	<u>70,734,251</u>	<u>6,450,819</u>	<u>77,185,070</u>
Total comprehensive income for the half year	-	2,855,387	2,855,387
Transactions with unitholders in their capacity as unitholders:			
Distributions paid/payable to unitholders	-	(3,034,417)	(3,034,417)
Balance at 30 June 2012	<u>70,734,251</u>	<u>6,271,789</u>	<u>77,006,040</u>
Total comprehensive income for the half year	-	2,939,622	2,939,622
Transactions with unitholders in their capacity as unitholders:			
Distributions paid/payable to unitholders	-	(3,178,314)	(3,178,314)
Balance at 31 December 2012	<u>70,734,251</u>	<u>6,033,097</u>	<u>76,767,348</u>

The accompanying notes form part of these financial statements.

CORVAL INDUSTRY HOUSE TRUST
ARSN 139 802 038

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Half year	
	31 December 2012	31 December 2011
	\$	\$
Cash flows from operating activities		
Property rental receipts	6,962,413	6,524,518
Interest received	67,727	76,616
Payments to suppliers	(1,865,347)	(1,682,920)
Finance costs paid	(1,861,009)	(2,224,796)
Net cash provided by operating activities	3,303,784	2,693,418
 Cash flows from investing activities		
Proceeds from/payment for financial assets	30,866	(79,645)
Payment of capital expenditure	(42,437)	-
Net cash (used in) investing activities	(11,571)	(79,645)
 Cash flows from financing activities		
Proceeds from financial derivatives	-	50,272
Payment of borrowing costs	-	(40,000)
Distributions paid to unitholders	(3,085,288)	(3,109,344)
Net cash (used in) financing activities	(3,085,288)	(3,099,072)
 Net increase/(decrease) in cash and cash equivalents	206,925	(485,299)
Cash and cash equivalents at the beginning of period	1,849,527	2,027,987
Cash and cash equivalents at the end of period	2,056,452	1,542,688

The accompanying notes form part of these financial statements.

CORVAL INDUSTRY HOUSE TRUST
ARSN 139 802 038

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 1: BASIS OF PREPARATION OF HALF YEAR REPORT

These general purpose financial statements for the half year ended 31 December 2012 have been prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The Directors of CorVal Partners Limited, the Responsible Entity, present their half year report on the CorVal Industry House Trust ('the Trust') for the half year ended 31 December 2012.

The Trust was established on 23 April 2009. On 16 October 2009 the Trust was registered as a managed investment scheme. The Trust became a disclosing entity on 21 January 2010.

These interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Trust as the full financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the period ended 30 June 2012.

The accounting policies adopted are consistent with those of the most recent annual financial statements.

(a) Net working capital and going concern

As disclosed in the financial statements as at 31 December 2012, the Trust has \$1,202,145 invested in a term deposit, maturing in February 2013. The funds on deposit could be drawn down in the event that access to additional funds would be required to meet the Trust's liabilities as and when they fall due.

The Trust's bank debt facility ('the facility') with the Commonwealth Bank of Australia ('CBA') expires on 20 October 2014 which the directors will seek to refinance prior to this date.

The Trust is subject to certain loan covenants under the facility agreement, including a Loan Valuation Ratio ('LVR') limit and an Interest Coverage Ratio ('ICR'). As at 31 December 2012 the Trust was in compliance with all loan covenants.

Under the terms of the facility, the LVR is calculated using external valuations. The last external valuation of \$144,000,000 was completed as at 30 June 2012. On the basis of this valuation adopted in these financial statements, the Trust's LVR is 46.5% (below the required limit of 60%). The Trust's ICR is 2.40 times for the year ended 30 June 2012, also in compliance with the required limit of 1.85 times.

After taking into account all available information, the Directors believe that the Trust has sufficient liquid assets to meet its liabilities as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

NOTE 2: ISSUED CAPITAL

	Half year		Half year	
	2012	2011	2012	2011
(a) Issued capital	Units	Units	\$	\$
Opening balance	74,173,003	73,495,646	70,734,251	70,018,487
<u>Movements during the financial period:</u>				
Units issued during the period	-	677,357	-	715,764
Closing balance	74,173,003	74,173,003	70,734,251	70,734,251

CORVAL INDUSTRY HOUSE TRUST
ARSN 139 802 038

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

As stipulated in the Trust's constitution, each unit represents a right to an individual unit in the Trust and does not extend to a right to the underlying assets of the Trust. Each unit has the same rights attaching to it as all other units of the Trust.

NOTE 3: SEGMENT INFORMATION

The Trust operates in one business segment in Australia. The Trust is involved in the management of a commercial office building located in Canberra.

NOTE 4: DISTRIBUTIONS PAID/PAYABLE TO UNITHOLDERS

The distributions for the financial period were:

	Half year	
	2012	2011
	\$	\$
Distributions paid/payable to unitholders	3,178,314	3,084,857
	<u>3,178,314</u>	<u>3,084,857</u>

NOTE 5: CONTINGENT LIABILITIES

On the sale of the property the Responsible Entity is entitled to the following:

- Property sale fee: 2% of the gross sale price of the property.
- Performance fee: up to 20% of the amount by which the IRR to unitholders exceeds 10% after the property is sold.

There are no other contingent liabilities at the end of the period.

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to the end of the financial reporting period that require additional disclosure.

NOTE 7: ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these half-year financial statements, the significant judgements made by management in applying the Trust's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2012.

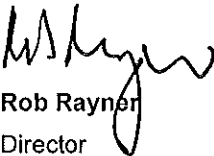
**CORVAL INDUSTRY HOUSE TRUST
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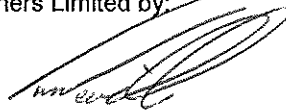
**DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

The directors of CorVal Partners Limited, the Responsible Entity, declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the Trust's financial position as at 31 December 2012 and of its performance for the half year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors of CorVal Partners Limited by:


Rob Rayner
Director


Kevin Neville
Director

Dated in Sydney, this 26th day of February 2013



Grant Thornton

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Independent Auditor's Review Report To the Unitholders of CorVal Industry House Trust

We have reviewed the accompanying half-year financial report of CorVal Industry House Trust (the "Scheme"), which comprises the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of CorVal Partners Limited, the Responsible Entity of CorVal Industry House Trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Scheme's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Scheme, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a giving a true and fair view of the Scheme's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A. Sheridan
Partner - Audit & Assurance

Sydney, 26 February 2013