SUBMISSION TO EDR REVIEW SUPPLEMENTARY ISSUES PAPER

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EDR Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600 *by email:* *EDRreview@treasury.gov.au*

I REFER ALSO TO MY SUBMISSION OF 30 JANUARY 2017

Dear EDR Review Secretariat,

CRIMINAL OFFENCES

I think criminal offences were committed in my matter by my Case Manager & Ombudsman. Perverting the course of justice s43 Crimes Act, obtaining a benefit by deception, Ombudsman corruptly using an Applicant by making him commit a criminal offence in order to validate corrupt, garbage figures. Recommendation, Determination not valid. All done to benefit an FSP & protect the Constitution of the Fund – which was using fake units to deceive investors. I think the scope of para 35 needs widening in these circumstances. It's not complex & would benefit many investors. Major public Interest. Possible avenues discussed. COMMENTS p's 14-28.

INTENT TO DECEIVE p's 30-41 & 56-62

I demonstrate intent to deceive by my Case Manager & the Ombudsman.

I received knowingly false advice from the Complaints Manager about the merits, industry practice, legal principles, compliance with the TOR & compliance with Process. I think she was misled by other officers in FOS. See p12. **To her credit, she advised the Lead Ombudsman of my complaint. NO PROBLEMS.**

RECAP ON MY MATTER

A-IFRS see p13

MY MATTER – I am Entitled to a Refund of my Investment.

1) My investment $30,000 – I paid $1 for units worth only 58.2 cents A-IFRS – not disclosed. **1st PDS A-IFRS 78.1c practical, 80.0c theoretical. Mat. adverse fall.** A strong case can also be made for the 92.2 cents – Net Assets per Unit.
2) **Systemic issue $107 million – proof** of this figure is provided on p9 – thousands of Unitholders. Fake units used in Fund. 2 PDS's, both defective: Corporations Act. The 2nd one is particularly deceptive & misleading.
3) **130 prior cases with FOS** – they breach A-IFRS. **Why?** Under A-IFRS convertible debt can't be treated as equity prior to conversion. FOS said CD can be. WRONG

GREATEST CORRUPT ABSURDITY I HAVE EVER SEEN

What my case Manager did is the greatest corrupt absurdity I have ever seen. I have used figures for 45 years. I have never seen corrupt lunacy & gross negligence as bad. I worked for 19 years in the Australian Bureau of Statistics and I have an MBA (Finance). MY CASE MANAGER SAID I COULD HAVE DONE WHAT HE DID. WHAT!! FOLLOW HIM IN HIS DECEIT, CORRUPTION & GROSS NEGLIGENCE. NEVER. I WOULD HAVE TO BE A LOBOTOMISED IMBECILE TO DO THESE CALCULATIONS IN INNOCENCE. TO DO THEM WITH FREE WILL I WOULD HAVE TO BE CORRUPT & GROSSLY NEGLIGENT. Ombudsman says I did the 55 cents too, this means the 94 cents too, before Recommendation did. CORRUPT.

RECAP ON MY MATTER

2 CORRUPTLY COMPLICIT CALCULATIONS

- 55 CENTS A-IFRS - INVALID & CORRUPT
- CORRUPT CALCULATION OF THE 94 CENTS
- OMBUDSMAN CORRUPTLY FABRICATED I CALCULATED THE CORRUPT 55 CENTS BEFORE RECOMMENDATION DID

THE 55 CENTS

- Is in breach of A-IFRS, liability treated as an asset. Breaches TOR.
- Is not an A-IFRS figure. **THE METHOD IS COMPLETELY WRONG - ABSURD.**
- Is simply the NAB with the convertible debt removed twice.
- Is corrupt - hides the use of fake units in the fund. Prevents the $107 million systemic issue from seeing the light of day & mine of $30,000.
- Is invalid - breaches s334(1) Corporations Act - liability treated as asset.
- **Is a fictitious figure** - cannot exist unless the 94 cents is corruptly calculated

Case Manager - wrote a File Note for Determination advising 55 cents wrong.

HAS THIS BLOKE ESCAPED FROM AN ASYLUM FOR THE FINANCIALLY INSANE?

NO - BECAUSE HE HAD TO CORRUPTLY CALCULATE THE 94 CENTS IN ORDER FOR THE 55 CENTS A-IFRS HE CALCULATED TO EVEN EXIST. HE ALSO DECEIVED ABOUT THE CORRECT WAY TO CALCULATE A-IFRS - WHICH HE KNEW. AND A KID WITH A CALCULATOR COULD TELL YOU THE 94 CENTS WAS WRONG.

AND MY CASE MANGER KNEW IT WAS WRONG TOO WHEN HE WROTE HIS RECOMMENDATION. IT IS THE KEY CORRUPT CALCULATION IN HIS DECEPTION. THE WHOLE RECOMMENDATION IS WRONG.

I SPOKE WITH HIM ON THE PHONE ABOUT THE 94 CENTS CALCULATION AFTER I HAD TOLD HIM THE 55 CENTS WAS WRONG - HE WAS TAKING A LIABILITY OFF TWICE. HE SAID HE DID NOT KNOW HOW TO CALCULATE THE 94 CENTS - SO HE KNEW WHAT HE HAD DONE WAS WRONG, $9.836mn/10.667mn = 94 cents. NO - IT'S WRONG & IT'S SO CORRUPT. I HAD SENT IN HOW TO CALCULATE THE 94 CENTS, (went to previous officer), BUT DISCUSSED THE LETTER WITH HIM FOR 91 MINS 50 SECS & HE KNEW ALL ABOUT THE FAKE UNITS.

HIS CORRUPT CALCULATION OF THE 94 CENTS HID THE FAKE UNITS & ALLOWED HIS CORRUPT, INVALID & FICTITIOUS A-IFRS 55 CENTS TO EXIST. IT IS CORRUPT WITH THE CORRUPT CALCULATION OF THE 94 CENTS AND HIDES THE USE OF FAKE UNITS IN THE FUND. IT ALLOWED HIM TO GET UNDER THE 58.2 CENTS A-IFRS WHEN I BOUGHT MY UNITS & KNOCK ME OUT.

CORRUPT AS ALL HELL

BREACHES OF TOR BY CASE MANAGER - 19 MAJOR BREACHES. SEE PAGES 42 TO 46.

RECAP ON MY MATTER

WHAT DID MY CASE MANAGER DO THAT WAS SO CORRUPTLY ABSURD?

FANTASTICALLY, CONVERTIBLE DEBT CHANGED *ITSELF* FROM -VE TO +VE IN THE TABLE. IMPOSSIBLE - THE TABLE WILL NOT ADD UP. WAS HE MAD?
NO - SIMPLY THE OUTCOME OF HIS DECEPTION ABOUT THE CONSTITUTION.

The convertible debt is a liability in the Table. The Table will not add up unless the convertible debt is a liability, a -ve item.

using his analysis of the definition of liabilities.

To derive the 55 cents he converted the convertible debt to equity - means an asset, a +ve item - IN THE TABLE ITSELF. *MAGIC -VE TO +VE*

The Table will now add up to a completely different Net Assets figure & the foundation stone of Accounting - the Accounting equation - is smashed to pieces. This conversion did not even happen at the reference date - 28 February 2005. He knew the conversion occurred after 30 June 2006. It was for $19.766mn NOT $4.0mn - which he knew.

HE TREATED A LIABILITY AS AN ASSET. The convertible debt was taken off twice → he treated it as a +ve figure in the Table. Breach of s334(1) of the Corporations Act. Much worse, the 55 cents is fictitious. It does not exist unless he corruptly calculates the 94 cents - which he did. He knew it was wrong. The 55 cents A-IFRS is corrupt & totally invalid. No merit whatsoever.

KNOWINGLY WRONG 94 CENTS WHICH ALLOWS THE 55 CENTS RUBBISH TO EXIST **SERIOUS OFFENCE**

HOW TO CALCULATE THE A-IFRS FIGURE

We do not even need to take account of the convertible debt. It is so obviously a liability in the Table. THE OMBUDSMAN MUST HAVE BEEN BLIND. I told him many times - it was a liability. Did he even look at the Table? The Case Manager left the figures out of the Recommendation. But he is supposed to look at the PDS. **The both of them are supposed to.**

WE SIMPLY REMOVE

1) The capitalised acquisition costs from the property values - take from Net Assets.
2) Any other capitalised expenses from the asset values. These were nil except for a theoretical fall of 1/2 a cent in the fair value of the interest rate swap contract. At the time I thought it would be negligible. There were other possible capitalised expenses to consider too as per s11.7 in the PDS. See p's 56-62 AND 63-88.

$$78.1 \text{ cents A-IFRS} = \frac{\$9.836 \text{ mn} - \$1.50 \text{ mn}}{10.667 \text{ mn}} = 92.2c - 14.1c$$

To derive the A-IFRS figure from the 94.3 cents we do this.

78.1 cents A-IFRS = 94.3 cents - 2.1 cents - 14.1 cents = 92.2c - 14.1c

RECAP ON MY MATTER

We can also calculate a theoretical A-IFRS figure of 80.0 cents:
78.1c - 0.5c + 2.4c = 80.0c The 2.4c was a capital addition to one of the properties put through by the FSP in the Cash Flow Statement for the year ended 30 June 2005 following an A-IFRS valuation. The 0.5 cents is the theoretical change in the fair value of the interest rate swap contract - a fall.

WHY DID MY CASE MANAGER DO WHAT HE DID? I think my Case Manager was pressured to do this rubbish.

1) NEGLIGENCE, FINANCIAL MADNESS, PRESSURE came from the def'n of liabilities

According to my Case Manager the convertible debt did not REPRESENT equity unless it was actually converted to equity. The question would not even arise then; it would be equity. Apparently he was not aware of Present Value analysis. So he converted it in the Table - this was to get at how the 94 cents was calculated. **NO, WRONG.**

The FSP - the disclosure - simply **assumed** the convertible debt was classified as equity to calculate the 94 cents. **It wasn't actually physically converted. It was financial madness.** It was simply - under the assumption → liabilities fall, Net Assets rises, more units are needed. These were put through in the Constitution in **Units in Issue** & breach s92 Corporations Act & NAB different & 2 classes of Units, breach Cl. 4(c) Constitution. **NO, can't use.**

2) TO ACCORD WITH PAST DECISIONS - THESE BREACH A-IFRS
His invalid, corrupt rubbish shows that the past decisions have been wrong. 130 prior cases. The convertible debt has to be treated as debt not as equity prior to conversion BECAUSE invalid units are being used to unitise it & treat it as equity. Past decisions have said the convertible debt can be treated as equity prior to conversion. CONTRAVENES A-IFRS. THE FAKE UNITS CONTRAVENE s92 CORPORATIONS ACT. CONSTITUTION DEFECTIVE. NAB DISCLOSURE DEFECTIVE.

My Case Manager would probably say - I thought it was already equity in the Table. NO. He says himself it had to be converted. *I do not accept the submission. The convertible debt did not represent unit holder's funds until the debt was converted to units.* **SEE PAGE 45.** After he had done his fantasy conversion it transpired he had not looked at the Table - but had previously. He was surprised when I rang him to inform him he was taking a liability off twice. He was so intent on protecting the Constitution that reality went down the funnel to where the fairies live - can be very nice BUT we are NOT in fairyland here.

The evil worm of the corrupt calculation of the 94 cents shows it up for what it really was - deception, and quite a slick one at that.

The correct method for calculating A-IFRS did not get a look in - even though he knew what it was. The expenses were being added back in the 2nd PDS because under A-IFRS they could not be capitalised. We had discussed this at length. As I said on page 4 we discussed these issues for 91 mins and 50 secs on the phone. I had sent a letter in about it - see p32.

RECAP ON MY MATTER

LET'S LOOK AT THE FIGURES AGAIN

TABLE FROM THE 1ST PDS p5 - ONLY THE 28 FEB 05 FIGURES

	28 February 2005 ($'000)	NAB DISCLOSURE CD assumed to be classified as equity — NOT A LIABILITY	
Cash	1,443	1,443	
Property (at cost)	30,950	30,950	
Other assets	970	970	
Total assets	33,363	33,363	
Senior finance (borrowings)	18,625	18,625	
Convertible debt	4,000	–	GONE under the assumption
Other liabilities	902	902	
Total liabilities	23,527	19,527	Liabilities ▼
Net assets	9,836	13,836	Net Assets ▲
No. of Units on issue[1]	10,667	14,667	Units in Issue
Net asset backing per Unit[2]	$0.94	$0.94	

1. Units issued to the public.
2. Calculation assumes convertible debt is classified as equity. See Section 2.3 for further details.

CASE MANAGER & OMBUDSMAN TREAT THE CD AS A +VE VALUE – **ABSURD**

LIABILITY

NAB DISCLOSURE
CD assumed to be classified as equity → Simply remove the CD → Net Assets 13,836 → 94.3 cents $= \dfrac{9,836 + 4,000}{10,667 + 4,000}$

- $4.0mn extra equity. Put through in Net Asset Value in the Constitution – Cl. 26 NAV = Net Assets + CD assumed classified as equity – NOT A LIABILITY, FROM DEF'N OF LIABILITIES IN CONSTITUTION.
- 4.0mn extra units. Put through in Constitution in Units in Issue = Units on Issue + additional fake units – invalid ones – to unitise the CD and do the calculations.

ALL OF THIS IS EASY & STRAIGHTFORWARD

The CD is NOT a +ve value in the Table – my Case Manager & OMbudsman treat it as +ve. ABSOLUTE RUBBISH. It is corrupt. It is a liability. And the OMbudsman says I did this RUBBISH too. NO, I did not. Apology received. Then the 94 cents – what can one say? – glaring deception & a slick one.

Unitholder equity defined by FSP as: Assets – Liabilities = Net Assets

RECAP ON MY MATTER

MY CASE MANAGER'S CALCULATIONS   A MOST SERIOUS DECEPTION

breaches A-IFRS, invalid

1) **A-IFRS 55 cents = ($9,836 – $4,000)/10,667**

MINUS SIGN, treats the CD as a +ve value in the Table. **WRONG,** liability treated as asset. Breach of s334(1) Corporations Act.

a liability taken off twice

the 2 calculations are corruptly complicit with each other

does not apply the NAB disclosure

2) **The 94 cents = $9,836/10,667   WRONG $9,836/10,667 = 92.2 cents**

This is very bad. Corrupt. TOR says check.

This calculation: A) avoids the fake units; &
B) allows the invalid 55 cents A-IFRS to exist – as it stops Net Assets from rising.

THE 55 CENTS A-IFRS, A FICTITIOUS FIGURE – FINANCIAL SORCERY

As soon as Net Assets rises the 55 cents will not exist

Net Assets must rise because the NAB disclosure **assumes** a liability no longer exists i.e. it is assumed to be classified as equity – but this is not done in the Table itself. **Anyone can see that. The 55 cents A-IFRS has no merit. It is an invalid, corrupt & FICTITIOUS figure which can only exist because the 94 cents was corruptly calculated – which it was by my Case Manager.**

A SLICK DECEPTION

BECAUSE LOOKING AT IT, IT WOULD SEEM THAT THE DIFFERENCE BETWEEN 92.2 CENTS AND THE 94 CENTS IS JUST A MINOR ARITHMETIC ERROR – NO. IT IS A SLICK DECEPTION. HIDES FAKE UNITS & 55 CENTS A-IFRS CAN'T EXIST UNLESS THE 94 CENTS IS CORRUPTLY CALCULATED.

2nd PDS

I think s1016E1(c) & 2(aa) apply

I can be deemed to hold it under the provisions of the Corporations Act.
It is very deceptive & misleading, is defective, uses fake units. Investors were deceived about the convertible debt and were paying for it as expenses – BECAUSE, UNDER THE PDS THE ASSUMED CONVERSION DID NOT FIND ITS WAY INTO THE UNIT PRICE. This is very easy to see. **Diagram on p9.**

Applies to 1st PDS also. The 2.1 cents of CD in the 94.3 cents did not find its way into the Unit Price calculated under the PDS which uses Units on Issue.

RECAP ON MY MATTER

2nd PDS

FIGURES AS AT 15 NOVEMBER 2006

NAB $1.00	Unit Price $1.04
CD $0.05	AI ($0.009)
Expenses $0.238	Expenses $0.336
Net Assets $0.713 A-IFRS	Net Assets $0.713 A-IFRS

All of the $0.336 was capitalised not just the $0.238 in the NAB

ANOMALY

You can see an anomaly here – **the CD is not in the Unit Price.** We are told this adjustment to the NAB is only for the NAB line in the 2nd PDS in the Table at p11.

This anomaly happens BECAUSE in the PDS the Unit Price is calculated using Units on Issue, CD **not** taken into account. The NAB is on a different basis, it uses Units in Issue i.e. it takes the CD into account & uses fake Units. SEE ALSO PARA 2 P47.

The expenses were capitalised as an off Balance Sheet asset & added back to Net Assets. Investors were told it was a genuine asset. It's not. They were actually written off. The procedure itself was invalid BECAUSE it was treated as a genuine asset when NAV was calculated using Cl. 26 in Constitution. The number of fake units for the CD was 57.230 million.

This 5 cents figure for the CD was not disclosed. The very strong impression was given the 29 cents (approx.) difference between the 71.3 cents A-IFRS figure and $1.00 NAB was mainly due to the CD – which was portrayed as a good thing and gave a more meaningful measure of the Fund's asset backing. In fact, it was only 5 cents. It was simply an assumed figure by the FSP & investors paid for it as expenses when they bought their Units – BECAUSE it was not in the Unit Price.

THIS IS NOT MANAGEMENT OF THE FUND AS A WHOLE – IT'S DECEPTION.

2nd PDS very misleading & defective. AGAIN, STRAIGHTFORWARD.

THIS FUND STILL EXISTS & I AM STILL A MEMBER OF IT.

PROOF OF THE SYSTEMIC ISSUE OF $107 MILLION - IT COMPLIES WITH THE GUIDELINES IN OG 2015 PAGES 113-115.

Total Number of Units Issued	198.986mn
FSP & related parties	96.389mn
Investors	102.597mn
Av. price – $1.0456	$107.275mn

1) Without a PDS 9.310mn
2) BDPF:1.738mn+23.117mn+61.425mn
3) BPT: 0.799mn

12.5mn $1.00 4.37mn $1.04 46.568mn $1.0438
128.779mn $1.055 6.769mn $0.9657

RECAP ON MY MATTER

THE OMBUDSMAN - NOW WE COME TO THE REALLY BAD PART

HE WOULD SAY ANYTHING WAS RIGHT – SO LONG AS IT'S A CASE MANAGER SAYING IT. I note in passing that my 78.1 cents had a likely error of 2 to 3 cents or less under balance of probabilities. **See p's 56-62.** I have since proved it to the cent.

THE OMBUDSMAN A proof of this is provided at p's 34 to 41.

Corruptly fabricated that I calculated this corrupt garbage before my Case Manager did. Impossibility – time travel back into the past. The lying, corrupt deceiver. He made me cut my own throat. Made me a traitor to myself. WICKEDNESS. He made me part of a criminal offence in order to benefit an FSP. He corruptly used me to validate deception. He knew it was wrong: Case Manager had advised – FILE NOTE. He could easily see for himself it was wrong, from the Table in the PDS. It is a liability & the 94 cents. HE IS NOT BLIND.

THE ABSURDITIES HE SAID WERE RIGHT – BY CORRUPTLY USING ME

1) A liability is a +ve item in a Balance Sheet. It is absurd & corrupt.
2) A FIGURE CAN, BY ITSELF, CHANGE FROM –VE TO +VE IN A TABLE. NO.
3) 1 + 1 = 2.038832858887259.... Obtained from the corrupt calculation of the 94 cents by my Case Manager, confirmed by Ombudsman. Deception & corruption.
4) The Applicant physically travelled back through time, read the Case Manager's mind and then calculated the 55 cents before the Case Manager did. Gee whizz. So where was my submission about that? **Caught him deceiving & lying.**
5) The Applicant has the bird of truth in his hands – the 55 cents – but then ever so foolishly he lets it fly off **& uses the 55 cents to recalculate his 78.1 cents.** Mr. OM makes it clear, the Applicant is dishonest & very 'silly'.

BREACHES OF TOR BY OMBUDSMAN - 16 MAJOR BREACHES. SEE PAGES 47 TO 55. DECISION INVALID

Note: I have proved I was included in the Ombudsman's decision – see p22.

He corruptly used 'Management of the Fund as a Whole' to cover up the corrupt calculations, the fake units & the defective NAB disclosure. See p23. HIGHLY IMPROPER – using MFW to hide that you are not doing error correction.

Poetic License **The Applicant is not 'silly'**

**NASA has heard about the Applicant's journey through time and has made him a lucrative offer to divulge his secret method of time travel. The Applicant, being the honest person he is, has told NASA it wasn't him and has directed them to talk to the Ombudsman. Whilst the Applicant was quite flattered to have the ability to travel back through time bestowed upon him, he cannot accept the accolade. It would be dishonest. In any event, the Applicant would take his calculator with him and would know these 2 ghastly calculations were wrong.
You can't spend the whole trip looking out the window at supernovae.**

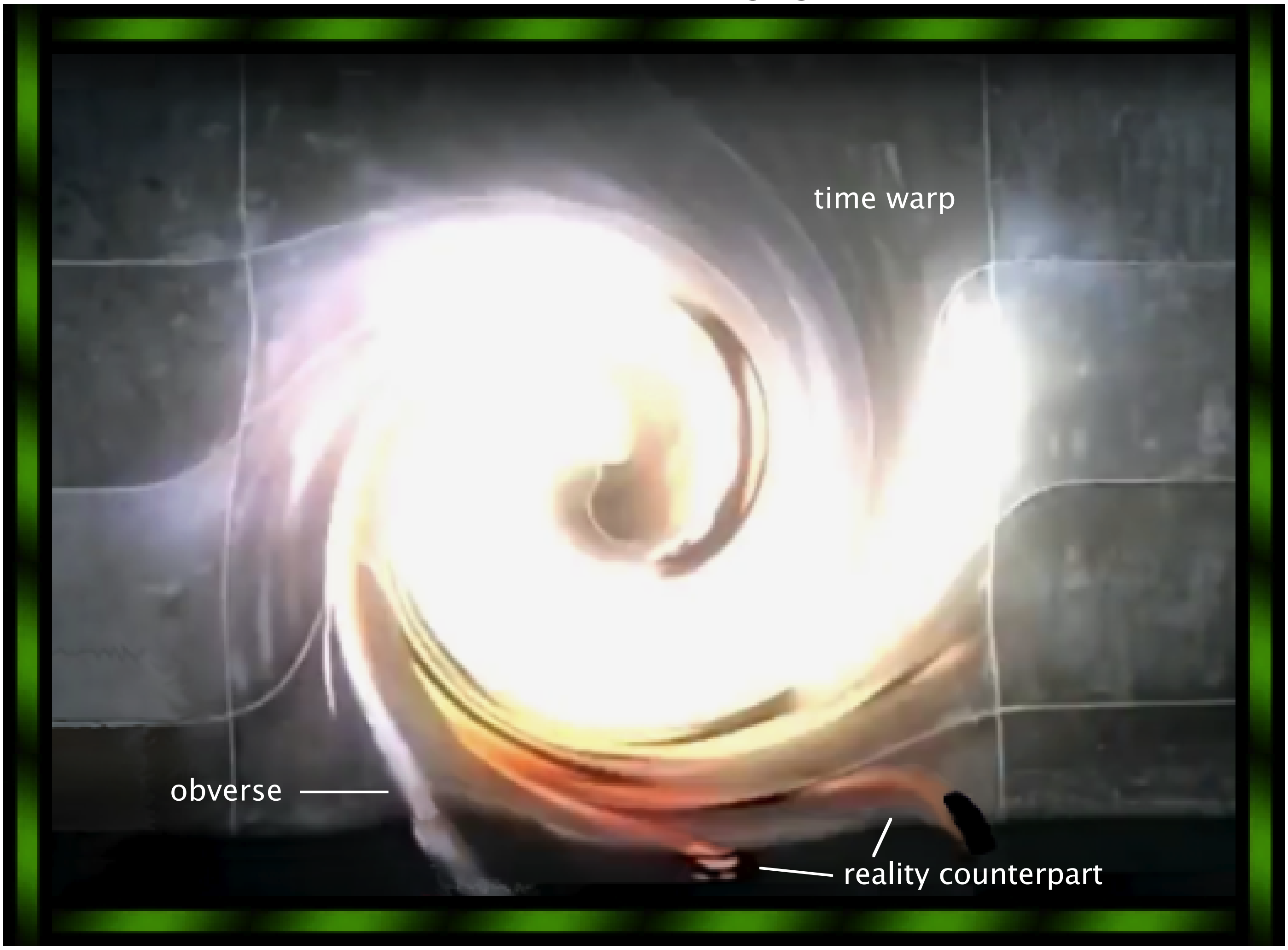
TRAVELLING BACK THROUGH TIME - POETIC LICENSE

The Ombudsman had me travelling back through time to do calculations – well, what do I reckon? IS IT POSSIBLE? Done out of interest.

I HAVE THOUGHT OF SOMETHING

To travel back through time we need on our side of the box, to think differently. Existence would be at, and of, a different continuum because we can't interfere in the past. **It's to do with the obverse merging with its reality counterpart.** This creates an energy spiral with a discontinuity in the centre from which the entity emerges in a different continuum allowing immersion in the past but not in the past's own continuum. Particular energy particles allow the merge to occur.

HERE'S A PIC OF IT **This is someone merging with their obverse**



Source: A frame from a music video I found. The green flashes are in the video – at end.

All we have to do now is figure out < what is the obverse of a human being. / what the green flashes are – undiscovered particles.

In the video the obverse has angel wings & is dressed in white. The reality counterpart does not have wings & is in black. They merge. The obverse is something to do with particles beyond our normal frame of reference – such as anti particles which annihilate with normal particles or anti matter with matter. However, the green flashes stop this annihilation from happening, merge occurs & allows entry into the past but at a different type of existence. GETTING BACK? COMING BACK IS POSSIBLE. THE REVERSE THREAD. **POSSIBLE OR NOT?**

RECAP ON MY MATTER

KNOWINGLY FALSE ADVICE FROM COMPLAINTS MANAGER
I THINK SHE WAS MISLED - USED TO DECEIVE: VERY BAD

1) The Merits were not Affected

Advice from FOS: 12 November 2015. *"It is important to to note that this reference (I calculated the 55 cents) does not in any way alter the conclusions reached by the Ombudsman in terms of the disputes merits."*

It's not just a reference – look at his deceit on p51.

This advice was out by a factor that was infinite.

- The merits of the 55 cents A-IFRS go from zero to 100%. Known to be wrong before the Determination & Ombudsman was advised by Case Manager.
- The merits of the 78.1 cents go to zero – because 55 cents used to recalculate it; a liability has to be treated as an asset.

Why the merits of the 78.1 cents go to zero

I had to add the CD back in my adjustment because Mr. CM took it off Net Assets when it was wrong to do so. **Neither the 55 cents nor the 78.1 cents are shown. The 78.1 cents would have no merit because I have to treat a liability as an asset to derive it from the 55 cents – right beyond doubt according to Mr. OM. Treating a liability as an asset is invalid. My letter of 11 Nov. 2015. The Applicant even calculated the 55 cents before the Recommendation did – by travelling back through time. He twisted & perverted my adjustment.**

The adjustment is shown on p52 – he has to fabricate.

2) Calculations in Accord with Industry Practice

- Treating a liability as an asset is industry practice according to FOS. It's not.
- The non existent conversion of debt to equity is said to be in accordance with industry practice. **It is shameful deceit.** They already know the figure is wrong from the File Note & there was no actual conversion as at 28 Feb 2005.
- Long division for the 94 cents – it's shameful. An absolute disgrace. Corrupt.

3) In Accord with Legal Principles

A carcass is turned inside out & falsity is presented as truth – this is not in accord with legal principles. An Applicant is corruptly used to validate deception to avoid a systemic issue – not in accord with the law. **IT'S A CRIME.**

4) In Accord with the TOR

Numerous breaches by the Case Manager & Ombudsman. **See pages 42-55.**

5) In Accord with Process

Not according to OG 2012 at p75 – **withholding information – 55 cents wrong.**
Not according to OG 2012 at p82 – **Error correction.**

BRINGS THE LAW INTO TOTAL DISREPUTE.

RECAP ON MY MATTER

A-IFRS, Australian Equivalents to International Financial Reporting Standards

How it Applied

1) Acquisition costs relating to purchase of properties could no longer be capitalised; they had to be expensed – therefore remove them from 1st PDS.
2) Other capitalised expenses could no longer be capitalised and added to the asset values – EXCEPTION, capitalised borrowing costs. These 'other' were nil – except for a theoretical 1/2 a cent fall in fair value of the interest rate swap contract.
3) Convertible debt could not be treated as equity prior to conversion.
   This applied to the 94 cents in 1st PDS & the $1.00 NAB in 2nd PDS.
   They were calculated on an assumed basis using the additional, fake units.
   There was 2.1 cents of CD in the 94.3 cents & 5 cents in the $1.00 – see p9.
   Net Assets, $9.836 million, did not contain the CD assumed to be classified as equity. That is so very clear from the Table in the PDS – see p7.

A-IFRS Implementation

A-IFRS was first implemented for the half year ended 31 December 2005.
A-IFRS Transition Tables were provided back to 1 July 2004.

GENERAL COMMENTS

Neither my Case Manager, the Ombudsman nor the Complaints Manager saw that a liability is a -ve item in a Balance Sheet – **they treat it as a +ve item. It magically transformed itself like alternating current & emerged as a +ve. Moreover, this is in compliance with the TOR. Can this be true? NO. But the Case Manager did see when I told him & wrote a File Note for the Ombudsman. But OM had a rubber stamp & a corrupt modus operandi.**

This was supported by the corrupt calculation of the 94 cents. It's sickening but at the same time one can only stand back in amazement. But even more amazing deception was to unfold – courtesy of the Ombudsman. And even more – courtesy of the Complaints Manager. Incredible anomalies.

The TOR is a good document – here you have corrupt deceivers turning the TOR into an instrument for deception. To see this corrupt perversion unfold makes an honest person angry. Betrayed the TOR for love of an FSP.

Subtraction – they don't know how to do subtraction.

Long division – this is so shameful. The key deception.

Adding up is another problem – do not understand that you can't go into a Table and muck about with the figures and then not change the Total – corrupt.

COMMENTS ON THE SUPPLEMENTARY ISSUES PAPER

COMMENTS ON THE SUPPLEMENTARY ISSUES PAPER

REDRESS FOR PAST DISPUTES

Investors who have been shafted during the EDR process are left out of redress. No, this is not right. I think this needs to be reconsidered. I infer from para 34 it is thought too hard & in conjunction with para 155 there are undesirable effects. I think this does not sit well with the comments in your document on page 1.

Para 34 **Source**: The Australian Government the Treasury.

The question of providing access to redress for past disputes is very complex.

There has been a major degradation of the public interest – judging by the Panel's comments on past disputes. There has been immorality – badness – involved, the law has been abused – in my case trashed. My case was simply a farce – the 3 of them were involved, Case Manager, Ombudsman, Complaints Manager plus other officers behind the scenes. TOR trashed in my case – I imagine violated in others.

Also, **'Management of the Fund as a Whole'** – definitely needs revision. There are major issues. Deception is being put in the waste paper bin under the umbrella of MFW – NO, deception is not genuine MFW. TOR 2015 para 5.1(i) p11. OG 2015 p's 29, 30. I discuss MFW on p's 23-27. I would not be in the least surprised if this provision has been badly abused.

I previously examined MFW in my submission of 2 April 2015 and in my letter of 11 March 2015. PDS's told Investors to interpret the PDS in the light of their own particular circumstances. "*Consider all the risk factors and other information in this PDS in light of your own particular investment needs, objectives and circumstances.*" 1st PDS p1. I relate this to MFW.

Brings the Law into Disrepute

The Process I have been through makes me think of the law as a deceptive vehicle to be used to harm people. It has put the law into darkness. This is not how an Applicant should be made to think of the law – as degenerate darkness.

Wasted effort by Applicants. I spent 5 1/2 years on my matter & know both PDS's very well. Then a pair of corrupt deceivers knock all my work out on the basis of 2 corruptly complicit calculations. **'Let him eat cake'.** We all know what happened to that one – guillotine. Although did she actually say it? Whatever, she still got the chop. As noted, I think the Complaints Manager was duped.

I think there are ways & means to provide access to redress to Applicants who have been shafted. **I do not agree with paras 35 & 155. See overleaf.**
I discuss the possible approaches at pages 19 to 22.

ACCESS TO REDRESS – PARA 35 – WHAT DOES IT MEAN?

> *The Panel considers that consumers and small businesses that have obtained a decision from any dispute resolution process (including from a tribunal or a court) have had access to redress and therefore are outside the Review's amended Terms of Reference.* **Source**: The Australian Government the Treasury.

- If an Applicant has been the victim of a show trial mentality – they have not had access to redress.
- Where there is blatant deception – Applicant's have not had access to redress.
- Where the adherence to the TOR is simply a parrot mouthing phrases, investors have not had redress.
- Where the TOR becomes an instrument to use for deception; it is a perversion. investors have not had access to redress.
- If an Applicant can demonstrate that the Recommendation should have been set aside & a Determination not proceeded to – it's not redress.
- If an Applicant can show that the Determination is no good – it's not access to redress.
- If MFW has been abused in order to knock Applicant's out – they have not had access to redress.
- If there are breaches of the criminal code – the 2 most common would be:

  A) perverting the course of justice
  B) obtaining a benefit by deception

  The Applicant has not had access to redress
- If there are major breaches of Accounting standards & important breaches of the Corporations Act – is that redress? No – it's deception. These people are supposed to know what they are doing – not use their knowledge & skill to deceive & harm.
- Where important elements in a case have been kept hidden by the Case Manager this is not access to redress. In my case there were 2: the 55 cents was in breach of the Corporations Act & the NAB disclosure was defective.
- **I have found it very hard to get legal representation.** And yet it is so obvious. The murkiness of it all, however, puts lawyers off. I noted in my submission of 30 Jan 2017 that one firm was willing to take it on – but $15,000 upfront for a letter to the FSP. I have already sent one in to the FSP on 22 September 2016. The cost was going to be high – too high for me.
  ACCESS TO SUBSEQUENT AVENUES OF REDRESS IS BLOCKED.

MY ACCESS TO REDRESS – ACCESS TO CORRUPTION

My Case Manager stabbed me in the back with 2 deceptive & corrupt calculations. The Ombudsman made me cut my own throat. The 55 cents A-IFRS figure used is fictitious and is seriously in breach of A-IFRS and the law.

It was a travesty of the TOR, Accounting, A-IFRS, arithmetic and the law. I have asked for it to be redone and it complies with the TOR. NO. What is the point of having the TOR? **The point about having it is so it can be used to deceive, where that is deemed to be necessary.**

This was my access to redress. **And I had every opportunity. I even travelled back through time to do these corrupt calculations – what sort of person would have an Applicant doing that. I'll tell you – it was one who was deceiving.**

He did not realise his deceit would be so absurdly demonstrated – but it's OK it had no effect on anything according to the Complaints Manager. **Our calculations are in accord with industry practices. NO – in accord with the will of badness.** To claim that the treatment of a non existent actual conversion of debt to equity & the treatment of a liability as an asset are in accord with industry practice is obviously a bad thing to do. This was after the event when it was known to be wrong. **ROTTEN TO THE CORE.**

I failed to prove my figure according to the Ombudsman on the balance of probabilities. It was only 2-3 cents out on the balance of probabilities – and it was obvious the method was right & my Case Manager's CORRUPT idiocy was wrong. So Mr. OM fabricated that I did it. **The 55 cents & the 94 cents calculation were known to be wrong before the Determination.** The 55 cents is invalid, fictitious & corrupt – it had no merit. He corruptly used me to validate these corrupt figures – the merits went to 100% from zero. **INFINITE ANOMALY – ARITHMETIC.**

I HAD ACCESS TO CORRUPTION – WE ALL HAVE OUR ROLES TO PLAY.

BECAUSE HE IS AN OMBUDSMAN IT IS CONSIDERED OK FOR HIM TO DEFILE ME, MAKE ME INTO A CRIMINAL & USE ME FOR DECEIT TO CUT MY OWN THROAT.

THE OMBUDSMAN IS CORRUPT – and he is harming himself

**I am not vilifying him – as per your page iv – he corruptly defiled me.
He needs to recover his true self – which is what he wants.**

I haven't been through all this deception for nothing. It really is about rescuing the 2 of them from themselves. It is about fixing them to do what is right AND stopping them from falling victim to temptation & corrupt mental aberration. STOP THEM FROM HARMING OTHERS & THEMSELVES.

This did seem to refer to past disputes also.

ADDITIONAL RIGHTS – PARA 155

The desirability of extending additional benefits or rights to a party who would not otherwise have been entitled to it would need to be considered against any adverse effects on other parties (other than the Commonwealth).[74]

Source: The Australian Government the Treasury.

Where there has been gross dishonesty, a travesty made of Accounting, the law and the criminal code the individual's rights have been removed in the EDR Process. We are not talking here about extending additional rights – we are talking about correcting the corruption of the individual's rights in the first instance.

There is supposed to be honesty, adherence to the TOR, fairness & these people are supposed to have the acumen necessary to do their jobs – not subvert the law, subvert procedures and subvert honesty – because their focus is on protecting FSP's.

EXAMPLE – Removal of Right Arm – it's out there but it makes the point

Let's say, my right arm is removed by the doctor.
It transpires the procedure asked for was MRA but a right to left writer person has put it in the instructions as ARM & there have been other shocking errors in the instructions. When I ask for my arm back I am told this would confer additional rights to me to which I am not entitled. The situation with EDR – in my case & probably others too – is very much like this in principle. **Wouldn't you want your arm back? My original rights – the arm – were removed most improperly. Therefore I want them back. It's not additional.**

Comments on Example

In the example given it would be hard to get your arm back, especially as it was sent off for blood & bone manufacture – hospital staff initiative. Even if the blood & bone ended up on your garden it would be cold comfort to know that the broccoli you were eating from your garden had trace elements in it from your own arm. Would you secretly smile a little?

Redress for past disputes that have been improper and break the law is not as hard as having your arm sown back on. Nor is it the impossibility that it is if the arm has been used to make blood & bone.

PRINCIPLES – PARA 27

I think honesty should be added.
You can be transparent and still be dishonest. Depends on how good you are at distortion & covering up.

I have focussed on para 35. I think you will get considered & good comments from other parties.

SCHEME OF LAST RESORT

I think it is a good idea and a necessity under the circumstances. I do have another issue with the same FSP – which would fit.

POSSIBLE AVENUES FOR REDRESS – FOR PAST DISPUTES

- Redone by EDR Scheme. FOS's TOR allows it.
- Independent assessors.
- Legal assistance – to pursue civil remedy. Give them a lawyer.
- Class action by ASIC or negotiation or other enforcement action – but they can't review EDR decisions. What about if they are corrupt, in breach of the Corporations Act & in breach of the criminal code.
- Prosecution by DPP.

Design Considerations
Screening process – criteria, keep it simple
– application form design – simplicity but to the core.
I think the ASIC approach of a 2,000 character limit is good. It forces you to focus & you can use abbreviations. I did mine about FOS using the 2,000.
– who will assess form. Amalgamate by Fund.
– talk to the them in person after the form is completed. May not be necessary or possible in some cases.
– they come to you. Pay their own air fares.
– suggest 3 locations: Syd, Melb, Perth
– time limit 30 mins max. Most in 15 mins.
– decision made then & there to proceed or not
– if they can't quantify loss – OUT.
– contacting them in the 1st instance. TV ads, current affairs shows, radio personalities, press, records from FOS. But I would not trust them.
– funding. A moderate fee for Applicants – say $100.
Could assessors be obtained from Attorney Generals Dept, the DPP & other Depts?
Industry funded from fees paid to FOS.

SOME COMMENTS ABOUT THE 6 YEAR RULE & THE 2 YEAR GUIDELINE

The 6 Year Rule
If the decision is faulty or the Process has been faulty then **'time should not run'** from the date of decision. Otherwise, inequity occurs.

The 2 Year Guideline – Operational Guidelines 2015 page 31
However, FOS will generally consider it fair to leave in place the outcome of a Dispute if it has been in place for 2 years or more.

There is an obvious problem with the 2 year criterion. FOS just has to wait it out. In my case I have been very active & have written a small novel to FOS since my decision and have proved what I am saying – corrupt response and no admission that the convertible debt was a liability; obvious that it was by mere inspection of the Table. Nor that the calculation of the 94 cents was wrong. The TOR – used as an instrument for deception. At the end of 2 years it is all fair.

EDR SCHEME REDOES IT
If bad things have happened during the Process, the situation would, in the normal course of things, comply with para 5.1(k) in the TOR. **OG 2015 p31** advises a previous Dispute that has been "dealt with" can be reconsidered on the basis of:

a) new facts & events central to the outcome - not just peripheral; &
b) fairness But subject to 2 year guideline.

However, there is a problem here. If it is the interpretation of the facts & events that is faulty then FOS may say - there are no new facts & events.

For Example: in my matter a liability was treated as being a +ve item in the Balance Sheet Table. There are no new facts - it is simply that the interpretation is different. **Applicant says it is -ve, FOS says it is +ve. We are the experts. If we say a liability is an asset - it is one. The law will agree with us. You have been through our Process. Don't bother us. Eat cake. Fume in a corner. Poetic License, inferred - after all I have been credited by Mr. OM with the ability to read minds.** They did not comply with para 5.3 when I re-lodged on 9 August 2016. **OG 2015 p42.**

Para 5.2 in the TOR - Discretion to exclude Disputes - should not apply.
A Dispute will not be excluded if the alleged conduct of the FSP would be:

- *contrary to law; or*
- *contrary to good industry practice; or*
- *in breach of the FSP's contractual obligations to the Applicant, whether or not that conduct was consistent with the FSP's practice or policy.*
  Source: OG 2015 p40.

- The fake units breach s92 Corporations Act.
- It is not good industry practice to treat a liability as an asset. However, that was done by FOS not the FSP.
- It is not good industry practice to treat a non existent actual conversion of debt to equity as complying with industry practice. However, FOS did that not the FSP.
- It is not good industry practice to cheat with a long division - not accidental - FOS did that not the FSP.

Where the Constitution was involved, **Page 29 of the OG 2015**, makes it clear.
What is not excluded
Some Disputes about the alleged breach of a scheme's constitution may not fall within the management of the fund as whole. These are Disputes where the FSP's obligations are clear-cut and an in-depth analysis of the FSP's conduct (including commercial judgments) is not required.

The use of these fake units is not excluded as the FSP's obligations were clear cut & the analysis was easy - subtract, add & divide. Para 5.2a) would not apply as the assessment of facts can be made by FOS. **Source: OG 2015 p39. But the Ombudsman excluded them - doesn't he read the OG?**

INDEPENDENT ASSESSORS

I think this is preferable to FOS – because FOS has already demonstrated its gross dishonesty in very clear terms. However, the provisions in the TOR could still be used as the TOR & OG are very good documents.

Matters should be amalgamated by Fund within each of the 3 locations – Syd, Melb, Perth. Prior to assessment at each location, guidelines for each Fund can be developed & individual cases examined in that light. Amalgamation on a 'Whole of Fund' approach could be taken, where appropriate. This would speed matters up.

LEGAL ASSISTANCE

To pursue civil remedy. Give them a lawyer.

CLASS ACTION BY ASIC OR NEGOTIATION OR OTHER ENFORCEMENT ACTION – BUT THEY CAN'T REVIEW EDR DECISIONS.

This problem may be able to be overcome. **I note the content of footnote 74.** In the sense that a liability can be considered to have been in potentia but was not revealed due to flaws in the assessment by the EDR scheme, then does footnote 74 still apply?

In cases where there is a systemic issue could complaints be re-lodged with ASIC?

Where the law has been broken can ASIC review? In my case it is obvious that a liability is not an asset and the calculations are corrupt. The Ombudsman has fabricated that I did the 55 cents – means the 94 cents too. They are breaking the law.

PROSECUTION BY THE DPP

On the day the offender(s) is/are sentenced for the crime committed against the Applicant(s), claims can be made in court by: the Office of Public Prosecutions solicitor.

This avenue is probably applicable in only a small number of cases. I believe it applies in my case. The question arises as to who does the referral to the DPP?

As I understand it, I will need to go NSW Police first. If the matter is accepted it would then eventually find its way to the Victorian Office of Public Prosecutions.

CRITERIA

How many people benefit? E.g. in my matter potentially 130 past cases plus the whole $107 million – if they could be contacted.
Quantifiable – would need to be quantifiable.
Proof – should be fairly straightforward.

PROOF
Proof should be fairly straightforward.

In my case I can prove my case in a few lines.
The corrupt units - can be proved in a few lines. There was practical evidence of their use in the LONSEC assessment of the Fund. This was ignored.

Materially Adverse Falls

I paid $1.00 for Units worth 58.2 cents A-IFRS - not disclosed.
The A-IFRS figure in the 1st PDS was 78.1 cents practical, 80.0 cents theoretical. These were not disclosed. The carrying value figure was 92.2 cents. It is the figure the Case Manager & Ombudsman say is 55 cents. Materially adverse falls.

To prove the 78.1 cents using BOP is short. See p62, figure is now 75.2c or more.
To prove the 78.1. cents to the cent is long. See pages 63-88
We then take into account 2 theoretical effect, +ve 2.4 cents & -ve 0.5 cents to give the 80.0 cents.
A strong case can also be made for the 92.2 cents.

I have already shown the 2nd PDS is no good.

THE OTHER ABSURDITY was that I was 3 cents better off - that should have been 72 cents worse off & I have proved I was included in the Ombudsman's decision. My letter of 1 Sept. 2016 to FOS. We get this result because of the absurdity of the 55 cents A-IFRS which treats a liability as an asset.

THE DECISION
A finding that I was materially adversely affected was an overlooked part of the decision. It was overlooked due to an accidental slip in the Recommendation, because the figures used in the comparison were like comparing apples to pineapples. The comparison of the 55 cents to the 58 cents was not right at all. It requires correction. **NO RESPONSE**

Fake Units
The use of the fake units is very obvious. There must be more units - they could not do the calculations otherwise. It is clearly seen from Cl. 26 & the **definition of liabilities** that the convertible debt was being treated as 'Not a liability' and was included in Net Asset Value. **I thought the definition was not legal.**
The LONSEC assessment of the Fund at p7 shows that fake units were used.

The bizarre & corrupt calculations by my Case Manager were based on the notion that there was nothing in the Constitution to allow the CD to be added back. Of course there was. It was the definition of liabilities, which he knocked out.

These extra - fake units - were put through the Constitution in Units in Issue.
The variable used was Net Asset Value not Net Assets.

COMMENTS ON MANAGEMENT OF THE FUND AS A WHOLE

This is an exclusion, TOR 2015 para 5.1 i) – but I am very concerned it is being abused. Deception is being put into the bin under the umbrella of MFW. Moreover, the application of the exclusion does not gel with statements made by FSP's in PDS's **This issue has not been raised in your document.** It is important in the context of the EDR Review – **affects decisions. It was bad in my case.**

EXAMPLE
I refer to my case because that is my experience of it. There are 2 corrupt uses of MFW in the Determination – A & B. Within B we can identify 2 also.

A) The carrying value for the properties was said to be a fair representation of the property values by the FSP – fair value is the A-IFRS basis. The values were reviewed for the PDS. Investors are led to believe they are fair value. In other words they would recover the capitalised acquisition costs if the properties were sold. The FSP knows that A-IFRS is just around the corner. 3 months later a DIFFERENT FSP had the properties revalued. The capitalised acquisition costs were removed. The properties are now on an A-IFRS basis – fair value. **But investors were led to believe they were already at fair value.**

The Ombudsman steps in and says this is MFW. It's not genuine BECAUSE the original statements are knowingly false by the original FSP.
OG 15 at page 29 discusses the exclusion. It is clear that we are talking about genuine issues or misunderstandings or genuine unforeseen circumstances.

there are 2 corrupt uses within B

B) Similarly, the additional fake units which allowed the FSP to deceive investors over the NAB were also said to be MFW. It's deception. The NAB disclosure, which is defective, just sails through AND the corrupt calculations are covered up.

THE USE OF MFW WAS NOT IN ACCORDANCE WITH THE TOR

It was used to cover up the corrupt calculations. See Determination at page 2. He refers to the past decisions – I was the 1st person to realise that fake units were being used. It's not MFW. It is corrupt & a crime. Defective disclosure OK. NO.

Moreover, the previous decisions breach A-IFRS BECAUSE under A-IFRS convertible debt can't be treated as equity prior to conversion.

THERE IS ANOTHER CONTRADICTION HERE WHICH I MISSED IN MY LETTER OF 26 MAY 2016 TO FOS ABOUT THE OMBUDSMAN. He says the Recommendation is correct – and it does say that CD can't be treated as equity prior to conversion under A-IFRS – but totally twisted and wrong analysis – nonetheless, it can't be treated as equity prior to conversion. He agrees with this and then says the previous panel decisions which do permit the CD to be treated as equity prior to conversion go to MFW. **CONTRADICTION.**

MFW & STATEMENTS TO INVESTORS IN PDS's

Results

1) The FSP is advising that it is the interpretation of the PDS within the context of each person's individual circumstances that is important. Investors are being told to do this. Investors are being told to interpret the operation & management of the Fund as a whole – as so described in the PDS – to their own particular circumstances and investment needs.

2) The FSP is particularising the PDS – in the context of the PDS as referring to the operation & management of the Fund as a whole – to each individual investor's particular investment needs, objectives and circumstances within the context of how the PDS affects those individual needs of each investor.

THERE IS A NEED TO REVIEW HOW THE EXCLUSION IS BEING APPLIED.

The PDS advises on page 1:
"Consider all the risk factors and other information in this PDS in light of your own particular investment needs, objectives and circumstances."

And on page 2
"Before making an investment decision, prospective investors should consider whether the investment is appropriate to their needs, objectives and circumstances."

The determination of these 2 things can only be made by reading the PDS and applying it by each individual investor to their own particular investment needs and circumstances. **i.e. interpretation of the global to the particular.**

This is not at all inconsistent with the notion that the PDS has not been prepared with the needs of any particular person or class of persons in mind.
Prospective investors should note the PDS has not been prepared with the objectives, financial situation or needs of any person or class of persons in mind."

This is an obvious impossibility. Rather, the FSP is advising that it is the interpretation of the PDS within the context of each person's circumstances that is important.

If, as an investor, you can't do this interpretation of the PDS – which describes the operation and management of the Fund as a whole – as to how it affects your particular circumstances, then go and see someone who can do it for you. **And one of those people is the Manager.**

"Consult your financial or other professional adviser before deciding to invest in the Trust. If you have any questions on what you need to do, then you should consult your adviser or the Manager."

SOME EXPLORATORY THOUGHTS ON MANAGEMENT OF THE FUND AS A WHOLE from my letter of 11 March 2015.

1) **Divinity:** Wholeness differentiates Itself into separateness but remains Wholeness. This occurs by a process of polarisation of the Divine Unity unto Itself from which emerges the feminine principle. A process of polarisation by the feminine then occurs. This creates an opposition which is reconciled as the mean. This leads to the emergence of different qualitative phenomena including sentient beings.

E.g. the organisation & the external environment

More generally we conceive of a positive pole and a negative pole, the opposition of which causes the emergence of the mean. We relate this to MFW.

2) **Gestalt:** "The whole is other than the sum of the parts" Kurt Koffka. "This is not a principle of addition. The whole has an independent existence."

3) **Synergy:** an abstract concept that refers to a result that arises from interacting processes – is used in business.

4) **Medical:** growth of tumours, viral replication, bacteria. i.e. the spread of harm.

5) **Emergence:** the Emergent is unlike its components and cannot be reduced to their sum or their difference.

6) Chaos and Spontaneous Wholeness

Natural Chaos. Entropy. The behaviour of coupled oscillators. We can think of them as functional elements within the operation of a Fund as a whole. There are other oscillating phenomena we can consider. I also look to flock cohesion in birds, shoals of fish. Coherence at the quantum level might yield some insights. Energy interference from electrons considered as oscillators. Relate this to harm and its propagation.

7) Creation of States of Wholeness from Ordinary Experience

Example: I look at the meaning of the word ‘Collate’.
One of the meanings is to appoint (a clergyman) to a benefice. What we see here is a change in state of the person – i.e. a different state has been attained due to the conferring of the benefice. Normally we would see this as a higher state.

We can relate this to adding numbers up – a different state is attained by the total compared to the individual numbers. It is a higher state – not due to the value of the total but due to the creation of the entity ‘total’.

We relate this back to collating the pages in a paper document – we have created a different state, a state of wholeness. We see this as a higher state, because it is unified. The whole exists at a different level to the individual pages – but this would not be possible without the individual pages.

How does this process of unification affect the individual members as compared to the whole they create? Do they feel better about themselves because they have created a whole and can we measure it? If the whole is harmed how does this affect the components? How does harm operate? From the individual members to the whole? It also operates the other way – an event at the level of the unified whole affects the individual members but it is likely to do so differentially.

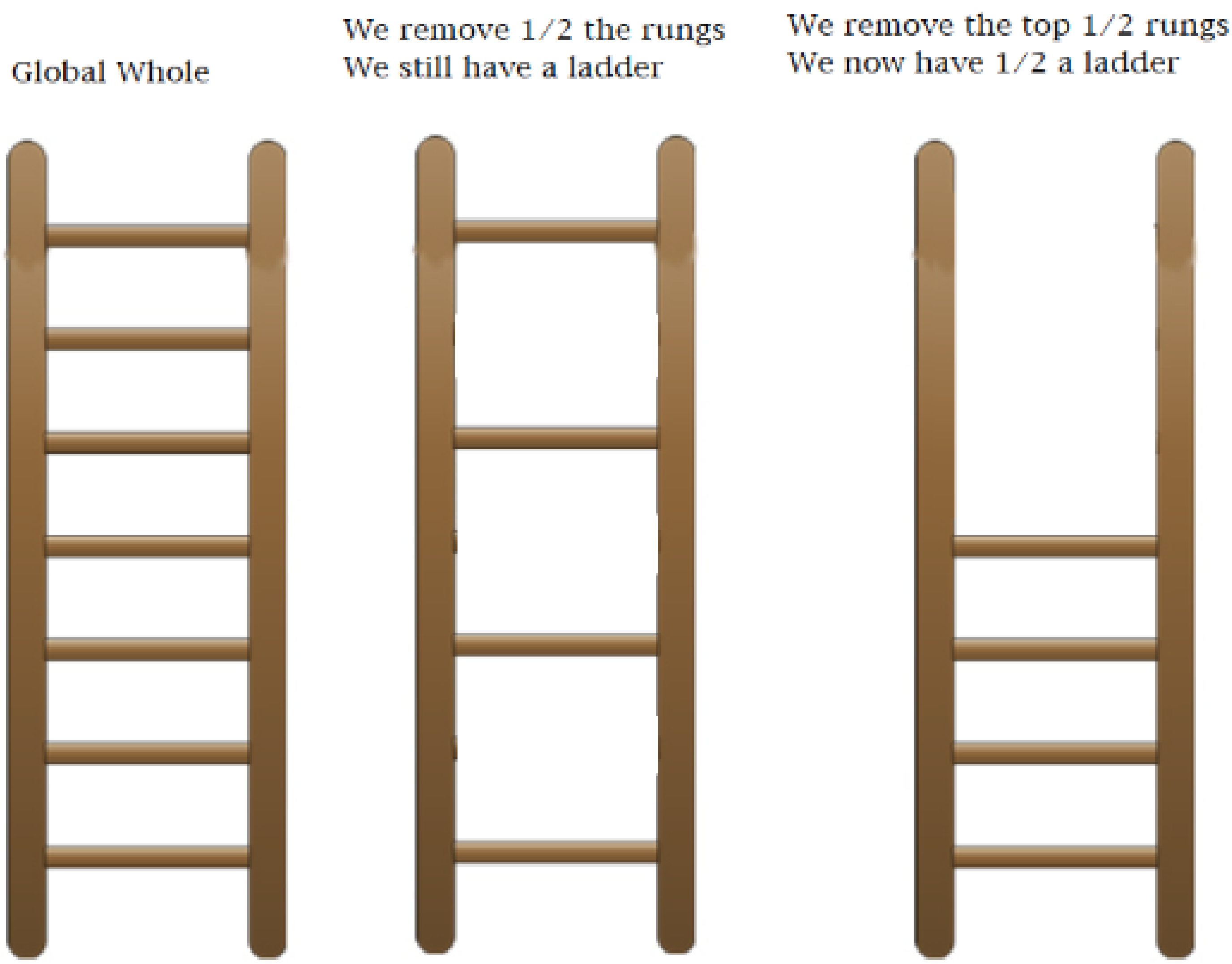
PRACTICAL ILLUSTRATION – OF GESTALT

The whole has an independent existence. However, removal of sufficient of the parts will degrade the whole. We can think of 2 approaches here.

A) The global whole is perceived separately from the parts and has self organising tendencies.
B) We can join different parts into a wholeness.

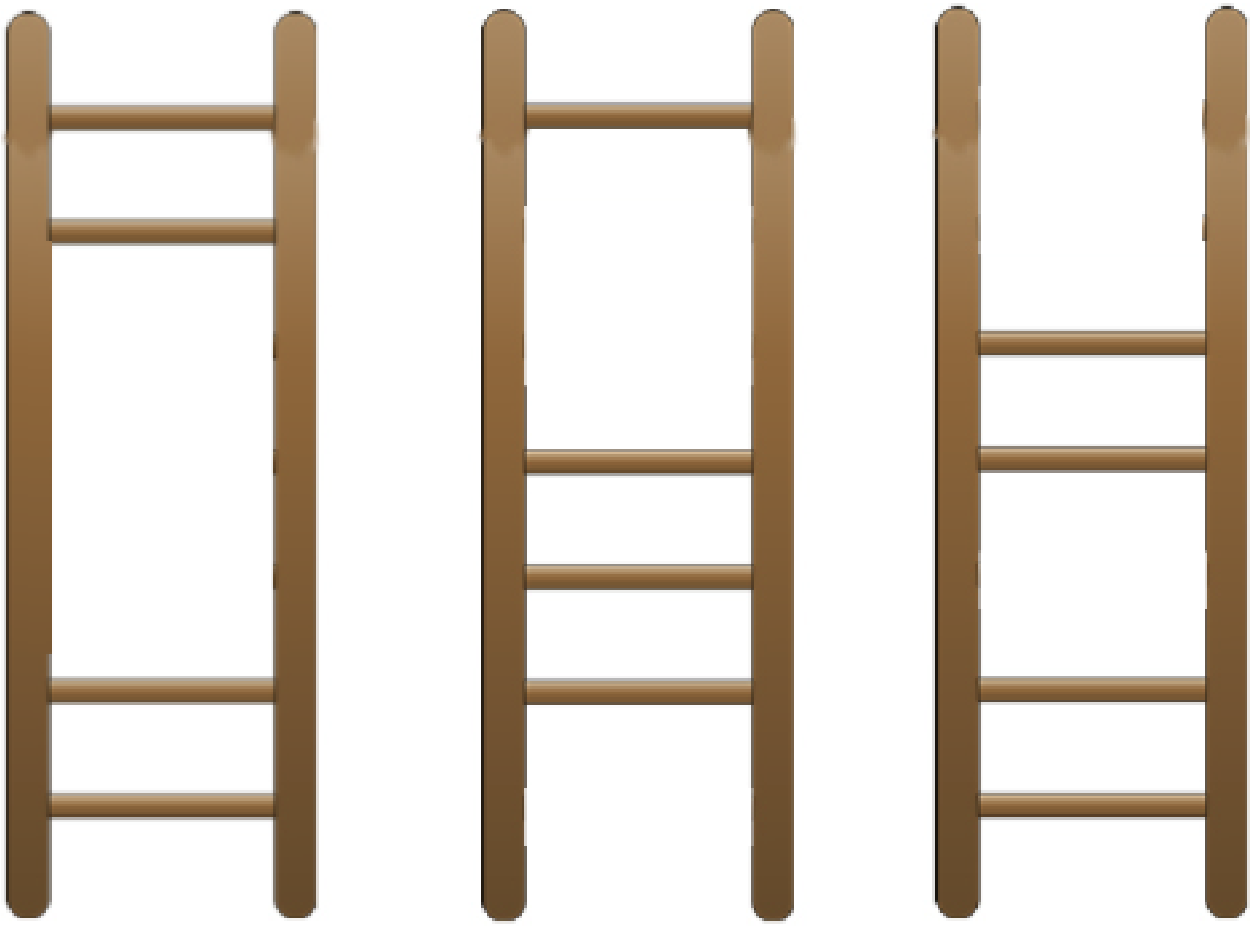
A) THE GLOBAL WHOLE

EXAMPLE: LADDER



The order in which we remove the rungs of the ladder has an effect on the functionality of the whole. The same harm has a different effect dependent on order.

Harm can cause disconnectedness between functional units so that the effect on the whole is magnified, however, the effect varies.



B) JOINING PARTS INTO WHOLENESS
We can also view wholeness and separateness from the idea of building something up from component parts. Let us use the ladder example again.

We take 2 long pieces of wood, we set them a certain distance apart, we then take a finite number of smaller pieces of wood and we set them in-between the 2 long pieces at a fixed interval. It is a finite process.

It has the potential to evolve - we could make the ladder longer but we would have to add new long pieces to the existing ones and new rungs. It is better to decide those things first rather than trying to modify it later.

The thing is complete when made and generally does not evolve - but it can and usually does degrade over time.

Faulty components. If we construct the whole using some faulty components - which we can specify as a type of harm - we will usually see that harm reflected in the whole - but sometimes the other members can take the burden of one faulty member. However, in times of stress this faulty component will reduce the proper functioning of the whole and its ability to cope with harm.

EDR DECISIONS AND INVESTOR SUICIDE

FOS does not appreciate that its deceptions can put Applicants into a state of mind to commit suicide. I was taken there. I thought about it for months. I had a rather ornate knife in my back from my Case Manager and then the Ombudsman had me slit my own throat. **A deadly combination.** I'm not going to go there though.

FOS considers that I am unaffected by their deceptions – I am simply an object for them to deceive and defile.

I thought about hanging myself from the verandah – too coarse. I was more entranced by 'Reedy River'. Henry Lawson, Reedy River. I read it again after I wrote my thoughts down on 17 June 2017.

Reedy River – these are my thoughts about suicide

In the dappled night I sit by the bulrushes with the light of the moon casting its beguiling glow. The soft voices of the leaves flutter. The sounds of the insects dart into me. The spirit water calls to me. I rise up and walk into Reedy River. It is like silk. The mud is a lullaby. Enveloped into the Never Never. I just keep walking and I know Reedy River and Reedy River knows me. Tendrils from the water cover me in their soft caress. I notice nothing. But now, a black whirlpool catches me in its grip. I am swirled under and I shoot out the other side – into the void of eternal night. There are many others there. It's not Heaven, it's not Hell, it's not the Garden. There is a light off in the distance. The journey now is to walk to the light. They are not lost. I can't tell you any more.

My view: it is a possibility that Involuntary Manslaughter could apply to FOS under these circumstances.

When the deceptions are **also** corruptly poured over the Applicant by an OM there is a very real risk of self harm. However, deception & corruption would be said to be in compliance with the TOR & did not affect anything. Simple. This is just what was done in my matter. Just get the Complaints Manager to do it.

From My Letter of 31 December 2015 to Complaints Manager

I have a noose of deceptive calculations around my neck put there by FOS and the Ombudsman. There would be no point in going directly to another place with the FSP. The FSP will simply produce the Recommendation and Determination. I won't be believed. I may as well hang myself now – except I know this is a very serious spiritual crime, which I won't do.

SELF HARM

By attributing the 55 cents to me the inference to me is; I knowingly did it to harm myself. This is self harm. We are moving into the realm of suicide. Of course the first PDS figures were not there. By doing this sort of thing to people your agency is flirting with self harm. This is very dangerous ground. Abuse to the concept of self is a major reason why people self harm. You have a duty of care to others not to indulge in deception – either by design, on the balance of probabilities, or by negligence.

ATTACHMENT

INTENT TO DECEIVE - CASE MANAGER

My Case Manager knew the right A-IFRS figures to use – the 58.2 cents Vs the 78.1 cents A-IFRS. He was also aware of my views on the 92.2 cents. It is what his 55 cents figure actually should be. The NAB without the CD treated as equity.

I had sent in the **basic** calculation of the 78.1 cents – property values LESS the capitalised acquisition costs. I discussed this figure with him on the phone on 10 December 2014. He berated me for investing in a Fund that had expenses of 22 cents – an A-IFRS figure of 78.1 cents – of course that had not been disclosed.

We had been over and over the 2nd PDS where the expenses were being added back to Net Assets because under A-IFRS they could not be capitalised. HE KNEW THEY HAD TO BE REMOVED FROM THE 1ST PDS.

He knew that the convertible debt only made a contribution of 2.1 cents to the 94.3 cents.

He knew the convertible debt was a liability in the Table.

He knew how to calculate the 94 cents, I had sent it in (went to another officer) and had discussed the letter with him.

He knew that his calculation of the 94 cents was wrong – he told me on the day of issue of the Recommendation that he did not know how to do it. I thought he was not telling me the truth. The whole Recommendation depends on it.

He knew the right method to use to calculate the A-IFRS figure from the 94.3 cents. He knew he had to take into account:

1) the capitalised expenses – 14.1 cents; &
2) the contribution of the convertible debt to the 94.3 cents – only 2.1 cents.

78.1 cents = 94.3 cents – 2.1 cents CD – 14.1 cents of capitalised acquisition costs. BUT WE DO NOT EVEN NEED TO CONSIDER THE CONVERTIBLE DEBT – BECAUSE IT IS A LIABILITY IN THE TABLE. 92.2c – 14.1c = 78.1c

There is also a theoretical A-IFRS figure of 80.0 cents.
There are strong grounds for saying the 92.2 cents figure is the one to use to compare with the 58.2 cents A-IFRS.

He knew all about the fake units – I spent 91 mins on the phone with him on 11 Dec 2014.

I discussed the fake units and the other investors with him.

CASE MANAGER'S COMMENT – "IF THEY GOT WIND OF IT"

He knew that no conversion of debt to equity occurred on 28 February 2005. He knew the conversion occurred after 30 June 2006. He knew the amount was $19.766 mn NOT $4.0 mn.

There is nothing in the disclosures that says the $4.0 million of convertible debt was converted into equity on 28 February 2005.

He knew the 55 cents A-IFRS was wrong – I had told him he was taking a liability off twice 34 mins after he issued the Recommendation. Another 34 mins later I advised the calculation of the 94 cents was wrong. He wrote a FILE NOTE for the Determination advising the Ombudsman the A-IFRS 55 cents was wrong. It could no longer be relied on. He should have sent confirmation advice to the parties – according to my analysis of para 8.4 in the TOR – see my summary of the analysis at p42.

He has a Master of laws – I think he knew he was in breach of the Corporations Act. He kept that to himself.

He did this shameful thing to conform with past decisions – PRESSURE FROM SOMEWHERE OR SOMEONE. WHO?

HE IS VERY SMART, NATURALLY INCISIVE AND GOOD AT DETAIL.

His objective was to save the Constitution.

He saw it would all work if he wrongly calculated the 94 cents. **SHAME ON YOU**. This avoids the fake units, the systemic issue of $107 million and the 130 prior cases remain undisturbed. And it knocks me out.

BUT HE MADE A BLUNDER. HE WAS TAKING A LIABILITY OFF TWICE – failed to notice that.

He did the whole thing leaving out the capitalised expenses & made it look right.

HE MISUSED HIS TALENTS & ABILITIES TO DECEIVE – TO BENEFIT AN FSP AND CONFORM WITH PAST DECISIONS.

He left the 1st PDS figures out from the Recommendation – but put the 2nd PDS figures in, where the CD is still shown as a liability as at 30 June 2005. It was impossible for the CD to have been converted into equity as at 28 February 2005.

AND FINALLY I COULD DO IT TOO IF I WANTED TO. **NEVER.**

THE 94 CENTS - DELIBERATE DECEPTION BY CASE MANAGER

The convertible debt is a liability in the Net Assets figure of $9.836mn.
It was not converted into equity in the Table. I explained how the 94 cents was calculated. It is easy. **I sent it in at page 10 of my letter of 11 August 2014. This letter went to the previous officer. We went over this letter on the phone. He deceived. The A-IFRS figure was there & we discussed it.**

On 10 Dec 14 he realised I had the 1st PDS - phone call A).

I remember this because I've got it wrong - he told me.

My CM and myself discussed this letter on the phone.
We discussed page 10, points 4) & 5), p13 para 7, p1, others.
P7 Issues paper 10 Dec 14, 1st dot point shows he was aware of the NAB figures.

MY LETTER OF 11 AUGUST 2014 AT PAGE 10

4) Calculation of the NAB/Unit

	Without CD	With the CD
Net assets - $ mn	9.836	13.836
Units - mn	10.667	14.667
NAB/Unit - $/Unit	0.922	0.943

In his Issues paper he had things mucked up. I then discussed it with him.
A) 10 Dec 2 mins 14 secs
B) 11 Dec 1 min 32 secs message I think?
C) 11 Dec 91 mins 50 secs

NAB/Unit of Units on Issue $0.922
NAB/Unit of Convertible debt units $1.00
Weighted average is $0.943
There are 2 classes of Units - not permitted under the Constitution.

However, this is not the full picture - the $0.922 contains capitalised acquisition costs. We can use the ist PDS to find out what they were.
The figure is $1.5 mn: $30.950 mn - ($13.850 mn + $15.600 mn).

A-IFRS basis $0.781/Unit
As advised at pages 3 & 4, in my letter of 19 May 2014 the A-IFRS figures for 30 June 2005 & 30 June 2006 in the 2nd PDS should have been $0.698/Unit & $0.58/Unit.

Note the 78.1 cents and the 58 cents shown above. He knew the A-IFRS comparison to make for my matter from these figures. And he was aware of s11.7 in the PDS - where adjustments for A-IFRS are discussed.

INTENT TO DECEIVE - OMBUDSMAN

1) He has a **FILE NOTE** from the Case Manager telling him the A-IFRS 55 cents is wrong. Whether that included advice that the calculation of the 94 cents was wrong – I don't know. It needed to.

2) He reviews the File Note – as advised by FOS – and concludes that the File Note is wrong. HOW DOES HE DO THAT? CORRUPTLY USED ME.

3) He can see for himself that the convertible debt is a liability in the Table and is not equity. I tell him that also. He knows the Fund – 130 prior cases.

4) He has a problem – the 2 key figures are wrong. The 55 cents A-IFRS is wrong and the calculation of the 94 cents is wrong. The convertible debt, a liability, is being taken off twice – it is obviously wrong.

5) To solve this he looks through my submission. He sees my adjustment equation. He uses that to say I calculated the 55 cents before the Recommendation did. The fact that the adjustment equation is in compliance with A-IFRS and the NAB disclosure means nothing.

That is the 55 cents problem solved. **BUT HE HAS TO SAY** – Applicant did it **before** Recommendation did. **That was an unavoidable blunder.**

6) Now he needs to solve the problem of the corrupt calculation of the 94 cents. **That is easy. Management of the Fund as a Whole. He uses that.** It hides the corrupt calculation of the 94 cents – and the other benefit is that it hides the corrupt 55 cents too.

7) Now he has to get rid of the 78.1 cents.
He says I used the 55 cents to recalculate the 78.1 cents. This means the 78.1 cents has no merit BECAUSE I have to add the CD back in order to move from 55 cents to 78.1 cents. That is, to treat convertible debt as an asset – which is invalid. But I think he doesn't realise that.

8) He used BOP – Applicant failed to establish it. He had to speculate.
I examine this – **it's not so under BOP using the figures.** **SEE PAGES 56-62.**

9) Applicant failed, therefore he must choose the 55 cents. He is supposed to know how to read a Balance Sheet Table. He can see the CD is a liability. The File Note advises him, the Applicant tells him. But no matter, it's right – Applicant did it. The 55 cents A-IFRS breaks the Corporations Act – he can't legitimately choose it. He is supposed to know the Act. So he ends up choosing a figure that cannot even exist unless the 94 cents is corruptly calculated & it breaches the Corporations Act.

HE FAILS TO NOTICE THAT HE HAS ME TRAVELLING BACK THROUGH TIME.

WHAT IF HE DOESN'T SEE THE FILE NOTE?
In this case he has to ignore that a liability is being treated as an asset. He can see that from the Table in the PDS.

The Case Manager left the 1st PDS figures out from the Recommendation. **I told Ombudsman – & made it very clear. So he must look at the Table in the PDS.**

LINK OF MFW TO ERROR CORRECTION
There is also an issue here about error correction. IT IS EXTREMELY IMPROPER TO USE MFW TO HIDE THAT YOU ARE NOT DOING ERROR CORRECTION.

PROOF THAT IT WAS NO MISUNDERSTANDING IS SHOWN AT p's 34-41.
I've taken a snapshot from my letter of 11 Nov. 2015. But this was easily brushed aside – it did not affect anything.

1) Ombudsman's Claim that I Calculated the 55 cents
It is an impossibility that I calculated the 55 cents - before the Recommendation - and used it to recalculate my 78.1 cents in my Response as the Ombudsman has said. I did adjust Mr.[redacted] equation in my Response of 3 July 2015. Somehow my adjustment has flown back through time to before the 55 cents came out and my adjustment has been interpreted to say I calculated the 55 cents prior to the appearance of the Recommendation - travelling through time. Was it a misunderstanding? I have done a proof using the A-IFRS figure which says it wasn't. I DID NOT AND DO NOT PHYSICALLY TRAVEL THROUGH TIME TO DO CALCULATIONS. I DENY IT. This is not good service to me.

My estimate of the A-IFRS figure of 78.1 cents
a) First done on 11 August 2014.
b) Then a repeat the 2nd time on 3 July 2015 and I revised it to 80.5 cents
c) A 3rd time on 22 July 2015 - I addressed s 11.7 in the PDS, as if I were back at August 2006, because this is the situation the Recommendation put me in.
(I did use the FR's a little, I knew some figures already, but the proof needed 16 pages.)

The Ombudsman has attributed the 55 cents calculation to me. I also calculated it according to the Ombudsman prior to the Recommendation ????? - and used it to recalculate my 78.1 cents. I DID NOT CALCULATE THE 55 CENTS MR.[redacted] DID.

The Ombudsman said:
"The Applicant, amongst a number of submissions, has attempted to clarify and recalculate the A-IFRS figure as at 28 February 2005."

a) I revised my August 2014 figure of 78.1 cents for the 2.4 cents revision by the FSP in June 2005 to 80.5 cents. I used actual figures from the FR's.
b) I went over my August 2014 estimate of the 78.1 cents in my Response - letter of 22 July 2015 - using s 11.7 in the PDS, as if I were back in August 2006.

I wasn't supposed to be proving the actual figure, which is not possible from the PDS. Rather, to show how I would have done my estimate of 78.1 cents, that was already pre-existing from August 2014, back in August 2006.

The Ombudsman said:
"His calculations differed from those made ***prior to*** (my emphasis) *the Recommendation, when he calculated the net asset backing at the time was 55 cents a share."* ????? Rubbish. This is impossible. I have come to the conclusion this was not a misunderstanding.

PROOF - in 3 parts using the A-IFRS figure.
There are 3 things that are not good.
A) He distorted what I said in my Response - not a misunderstanding.
B) To say I calculated the 55 cents he has to ignore a falsehood - that the CD is an asset.
C) To say I used the 55 cents to recalculate my 78.1 cents he has to attribute to me that I knowingly treated the CD as an asset.

Background
Calculating the 55 cents prior to the Recommendation and using it to Recalculate my 78.1 cents according to the Ombudsman
How did this notion take hold? In my Response at page 11 I correct Mr.[redacted] calculation by adjusting it. You can see that: I adjust the calculation to show how the Recommendation did not understand the treatment of the CD as equity. I am not calculating his 55 cents nor using it to recalculate my 78.1 cents. In fact the 78.1 cents is not actually in the adjustment equation nor is the 55 cents.

My 78.1 cents is on page 7 - in particular method A. **Immediately above it is** the date I did the 78.1 cents calculation - August 2014. **In particular the figure of $1.50mn - the Ombudsman needs this figure.** At page 3 I give the date of the letter - 11 August 2014 - and the page numbers 9 & 10. I also say at page 3 .

"Under no circumstances would I have used the method in the Recommendation as the CD is a liability in the Balance Sheet. It also does not take into account the capitalised expenses."

Despite this the Ombudsman says I calculated the 55 cents - prior to the Recommendation - then used it to recalculate the 78.1 cents after the Recommendation. I believe this recalculation refers to the assessment of the 78.1 cents under s 11.7 in the PDS.

Mr.[redacted] wrote a File Note advising that the 55 cents and method were wrong. I make the supposition that the Ombudsman did not see it.

My Comment about the LOWER BOUND
I thought 78.1 cents was the lower bound at that time because I was taking off all the capitalised expenses. And it was not certain that they all had to come off. Annotation of File 15 12 16. The 1/2 a cent theoretical fall to 77.6 cents I have put to the 80.5, falls to 80.0. I have since kept the 78.1 cents as the practical A-IFRS figure
The actual A-IFRS figure was 77.6 cents. The revision by the FSP then takes it to 80.0 cents. I have sent in the full proof.

Proof - Part A
The proof is: If the Ombudsman says it was a misunderstanding, this gives an A-IFRS figure of 92.2 cents NOT 78.1 cents.

My adjustment to Mr. Singh's equation was:

$$\frac{\$9.836\text{mn} + \$4.0\text{mn} - \$4.0\text{mn} - \$1.25\text{mn}}{10.667\text{mn}} = 80.5 \text{ cents A-IFRS}$$

Ombudsman: The figures he needs to use to get to 55 cents and from there to get to 78.1 cents.

$$\frac{\$9.836\text{mn} + \$4.0\text{mn} - \$4.0\text{mn} - \$1.50\text{mn}}{10.667\text{mn}} = 78.1 \text{ cents A-IFRS}$$

This is my figure from August 2014 - the 11th. The Ombudsman has to obtain this figure. He could obtain it from a few places but page 7 in my Response is the most likely and logical place. Page 5 is another possible place. At page 5 the heading is 'How I Calculated the 80.5 cents A-IFRS Figure as at 28 February 2005'. Page 5 is ruled out because the heading is about the 80.5 cents. The logical place is page 7 in my Method A 'Calculation of the Lower Bound of 78.1 cents A-IFRS' Balance of probabilities. It is not hard to see it.

Did he get the $1.50mn from my letters of 12 July 2015 or 22 July 2005? - they don't fit. They don't have the adjustment equation, which the Ombudsman needs in order to talk about using the 55 cents to recalculate the 78.1 cents.

The date of August 2014 at page 7 at point 3 is immediately above where he has to retrieve the $1.50mn from in my Method A.

Therefore we exclude the $1.50mn from the misunderstanding - as the Ombudsman can see this was done in August 2014. Balance of probabilities. It is not associated in time with the 55 cents.

My Adjustment to Mr. [redacted] Equation has 2 Components

a) + $4.0mn The part of the adjustment to Mr. [redacted] equation that is associated in time with Mr. [redacted] 55 cents. Done to bring the - $4.0mn figure back to zero, as it was an error.

b) - $1.50mn Excluded: as it is not associated in time with the 55 cents - the Ombudsman can see that or should have seen that. Balance of probabilities

Mr. [redacted] Equation
($9.836mn - $4.0mn)/10.667mn = 55 cents
The 55 cents has been rounded up from 54.7 cents.

We now add the +$4.0mn to Mr. [redacted] equation.

($9.836mn - (+$4.0mn - $4.0mn)/10.667mn = 92.2 cents

The A-IFRS figure = 78.1 cents.
The A-IFRS figure = 92.2 cents using the part of the Ombudsman's rationale that is associated in time with the 55 cents.

We do NOT get the A-IFRS figure of 78.1 cents.
(I have since revised it to 77.6 cents.)

Conclusion: A claim by the Ombudsman that he misunderstood can be show to be false. The Ombudsman distorted my adjustment to Mr. [redacted] equation.

Now, I can't look inside the Ombudsman's mind - but I can make a reasoned an logical assessment of how this misunderstanding occurred and I can use the balance of probabilities. And I can say it was not a misunderstanding.

Moreover, he is saying I calculated the 55 cents prior to the Recommendation He is putting the adjustment back before the Recommendation even though I didn't do the adjustment till after the Recommendation came out.

He attributed to me the ability to travel through time. I didn't do it.

Moreover, Mr. [redacted] wrote a File Note advising that the 55 cents was wrong and the method was wrong. We suppose the Ombudsman didn't see it. I am making this supposition when I do my proof.

Proof - Part B, How Could The 55 cents Have Been Attributed to Me?

We now turn our attention to the Ombudsman's claim that I also calculated the 55 cents - before the Recommendation came out - **I didn't calculate it.**

As discussed, the part of the Ombudsman's rationale that was associated in time with the 55 cents was: +\$4.0mn. I did this because the - \$4.0mn was in error.

On this basis the Ombudsman has attributed the 55 cents to me. How? Let us have a look at it.

Analysis

When we analyse this we find there are 2 elements.

1) Manipulation 2) Ignoring a falsehood - that the CD was an asset.

We turn to the equation again.

Ombudsman: The figures he needed to use

$$\frac{\$9.836mn + \$4.0mn - \$4.0mn - \$1.50mn}{10.667mn} = 78.1 \text{ cents A-IFRS}$$

We remove the \$1.50mn - as it is not associated in time with the 55 cents.

$$\frac{\$9.836mn + \$4.0mn - \$4.0mn}{10.667mn} = 92.2 \text{ cents}$$

To get 55 cents we turn to Mr. [redacted] equation:

(\$9.836mn - \$4.0mn)/10.667mn = 55 cents rounded up from 54.7

We now have to show how to get from 92.2 cents to 55 cents.

We rewrite the equation and partition it.

$$\frac{\$9.836mn - (+\$4.0mn - \$4.0mn)}{10.667mn} = 92.2 \text{ cents}$$

$$\frac{\$9.836mn - \$4.0mn}{10.667mn} - \frac{(-\$4.0mn)}{10.667mn} = 92.2 \text{ cents}$$

This is actually 54.7 cents but we are following Mr. [redacted] here.

$$55 \text{ cents} - \frac{(-\$4.0mn)}{10.667mn} = 92.2 \text{ cents}$$

If you actually do this calculation you get 92.5 cents - because there is a rounding of 0.3 cents in the 55 cents.

We are up to here.

$$55 \text{ cents} - \frac{(-\$4.0\text{mn})}{10.667\text{mn}} = 92.2 \text{ cents}$$

That is: $$92.2 \text{ cents} = 55 \text{ cents} - \frac{(-\$4.0\text{mn})}{10.667\text{mn}}$$

We can see the 55 cents.
We now ignore the term: - (-$4.0mn)/10.667mn

We now can say - there is the 55 cents. The Applicant calculated it. No, I did not. I simply corrected Mr. [redacted] equation.

We have had to ignore the term: - (-$4.0mn)/10.667mn

To say that I calculated the 55 cents the term: - (-$4.0mn)/10.667mn has to be ignored.

What precisely is being ignored?

The term: - (-$4.0mn)/10.667mn is being ignored. What is it? Remove the divisor so we can see it clearly, we get: - (-$4.0mn)

It is the CD being treated as a negative liability.

In other words to lumber me with the 55 cents the Ombudsman had to ignore the CD being treated as a negative liability - an asset.

We now shine another light on this:

Now - (-$4.0mn) = +$4.0mn.

What do we find. A liability - the CD - is being treated as an asset.

I had to add +$4.0mn in order to remove the error in Mr. [redacted] equation. It is Mr. [redacted] equation that was wrong. The Ombudsman knew that or should have known that as Mr. [redacted] wrote a File Note advising that the 55 cents was wrong and the method was wrong. Balance of probabilities.

Let us suppose that he did not see the File Note. He has to ignore the +$4.0mn. He has to ignore that a liability is being treated as an asset. This should have told him the 55 cents was wrong. This is poor service to me.

He had to ignore something which he knows is false.

This demonstrates:

a) That to make his claim that I also calculated the 55 cents he had to ignore a falsehood - specifically that the CD was an asset.

Note: This is in stark contrast to the assertions in my Response that the CD was a liability.

Proof: I refer to the Balance Sheet Table in the PDS at page 5. It shows that the CD was a liability.

b) The falsity of the Ombudsman's claim that I also calculated the 55 cents.

It is not good service to do these things - they harm me greatly.

Confirmation of My Conclusion - Dates of the Calculations

We now refer to the dates of the calculations to confirm our conclusion.

Date of the ist calculation of my 78.1 cents	11 August 2014
Date of the 2nd calculation of my 78.1 cents	3 July 2015
Date of my 3rd calculation of my 78.1 cents	22 July 2015
Date of the calculation of the 55 cents by Mr. [redacted]	3 June 2015
Date of my supposed calculation of the 55 cents	prior to 3 June 2015

The claim is: I calculated the 55 cents prior to the Recommendation then used it to recalculate my figure of 78.1 cents after the Recommendation.

There is an absolute flight of fancy here.
I did not do the adjustment to Mr. [redacted] equation till after the Recommendation came out. But the adjustment has flown back through time to before the appearance of the Recommendation. Whereupon I calculated the 55 cents and then used it to recalculate my 78.1 cents in my Response to the Recommendation.

I did & do use figures from earlier time periods to do calculations. This is not the same thing as physically travelling back to an earlier time period.

I do not travel through time to do calculations. I do my calculations in the present.

Part C: The Recalculation of my 78.1 cents using the 55 cents

How am I supposed to have done this fictitious recalculation?

Let's have a look at it.
78.1 cents - 55 cents = 23.1 cents.

We now take account of the rounding of 0.3 cents. Therefore the amount we are looking for is 23.4 cents. What we have to do is go back to the Balance Sheet Table and see if we can find a figure of 23.4 cents. Multiply the 23.4 cents by the number of Units, 10.667mn.

Answer = $2.496078mn close enough to $2.5mn.

We now confirm our $2.5mn. We go back to the adjustment equation that the Ombudsman has to use.

$$\frac{\$9.836\text{mn} + \$4.0\text{mn} - \$4.0\text{mn} - \$1.50\text{mn}}{10.667\text{mn}} = 78.1 \text{ cents A-IFRS}$$

We partition the equation and rearrange terms

$$\frac{\$9.836\text{mn} - \$4.0\text{mn}}{10.667\text{mn}} + \frac{\$4.0\text{mn} - \$1.50\text{mn}}{10.667\text{mn}} = 78.1 \text{ cents}$$

$$55 \text{ cents} + \frac{\$2.5\text{mn}}{10.667\text{mn}} = 78.1 \text{ cents}$$

If you actually do this calculation you get 78.4 cents - because there is a rounding of 0.3 cents in the 55 cents.

There is our $2.5mn. We have confirmed it.
There are 2 parts to this number: +$4.0mn and -$1.50mn

Now the -$1.50mn is valid. It is the removal of the capitalised expenses.

The +$4.0mn is not valid. This is the CD being treated as an asset.
I had to add +$4.0mn in order to remove the error in Mr. [redacted] equation.

Mr. [redacted] wrote a File Note advising that the 55 cents and method were wrong. We suppose that he didn't see it. He has to ascribe to me the false treatment of the CD as an asset. This should have told him the 55 cents was wrong. The CD is in the Balance Sheet Table as a liability. I said it was a liability.

This is not good service to me. It is poor, insulting and most unacceptable.

BREACHES OF TOR BY CASE MANAGER

I detailed these in my letter of 18 April 2016 TO FOS. 19 major breaches. I summarise the main areas where breaches occurred.

A) There was a breach of **para 8.4, 'FOS's obligation to provide information to the parties'.** This resulted in several breaches of legal principles and fairness.

Confirmation advice that the 55 cents was wrong should have been sent to the parties because:
a) CM wrote the File Note but **I generated** the advice the 55 cents was wrong; and
b) the 55 cents could no longer be relied on – a liability was being taken off twice; the 55 cents was definitely wrong.

I think my CM knew he was in breach of the Corporations Act. Master of laws. But he kept that to himself. **Serious breach of legal principles.**

B) '*The essential difference between an A-IFRS calculation and a non A-IFRS calculation is that the A-IFRS figure does not treat the convertible debt as equity.'* This is false & very deceptive – more so since there is some truth in it. The CD only made a 2.1 cents contribution to the 94.3 cents whereas for the theoretical 80.0 cents A-IFRS the expenses made a difference of 12.2 cents. For the 78.1 cents A-IFRS it was 14.1 cents.

The CD assumed to be classified as equity was not in Net Assets at all & it was non A-IFRS BECAUSE it contained the capitalised acquisition costs.

C) There were breaches of paras in the TOR about checking, reliability of information, integrity of information, misleading statements, false statements, failure to refer to s11.7 in the PDS about A-IFRS, failure to refer to Cl. 26 in the Constitution which was the vehicle used to calculate Net Asset Value. Being fair was breached.

D) There was a breach of para 8.5 – can't proceed to a Determination

E) The use of corruptly complicit figures is a breach of the TOR.

F) He was in 100% contradiction to the PDS about the CD representing equity. The definition of liabilities used the word 'represents' this was totally consistent with the word 'assumes' in the NAB disclosure.

There was a glaring chasm between the CM's analysis of the Constitution and the PDS. **Cross checking between documents was not complied with.**

All of these things are detailed in my letter.

I DECIDED NOT TO INSERT THE LETTER BECAUSE IT IS 20 PAGES LONG.

EXAMPLES – snapshots from my file

OG 1 May 2012

11) MISLEADING STATEMENT – Breach of TOR 7.2 OG p59 Inquisitorial approach and "necessary" information.

The Constitution did not prescribe a method for calculating unit price or net asset backing for the First PDS....... It did not prescribe how net asset backing should be calculated.

It did, 3 issues
- A) The variable used was Net Asset Value **not** NAB.
- B) If a liability falls – equivalent to adding the fall back.
- C) Omitted the effect of Clause 26.

NAV = NAB + CD assumed to be classified as equity.
Done VIA Clause 26 and the definition of liabilities applies → CD 'not a liability'
and the definition of Net Asset Value.

When a liability falls this is equivalent to adding the fall back – arithmetic.
5 – 3 = 2. **Now let 3 fall by 1** → 5 – (3 –1) = **5 – 3 + 1 = 3**

the 1 is added back

NAV vs NAB

In the PDS the 94 cents was described as 'NAB'. **This was not correct.** The variable used was NET ASSET VALUE. The 'NAB' of 94 cents was calculated as: NAV/Units in Issue $13.836mn/14.667mn = 94.3 cents

16) BREACH OF TOR 7, 8.1 – MISLEADING STATEMENT: MISLEADING WITH OTHER SIMILAR STATEMENTS.

I accept that net asset backing was 58 cents as of 30 June 2006 (on an Australian International Financial Reporting Standards (A-IFRS) basis i.e. excluding convertible debt) just prior to the Applicant entering the Fund.
my emphasis

This statement is misleading and reinforces the other misleading statements about the convertible debt and the omission of reference to s11.7 in the PDS on A-IFRS.

NAB $1.00

CD $0.045

Expenses $0.373

Net assets $0.582

30 June 2006

The NAB of 58 cents excluded 4.5 cents of CD – conforms with the statement.
BUT it also excluded 37.3 cents of expenses.

The Recommendation is being deceptive here. It refers only to the convertible debt – and omits reference to the expenses which are much more. This leads us into the deceptive calculation of the 55 cents. See Box p4.

Sent to FOS 16 March 2015 page 15. see p44 in this document

This is the Box at p4, in letter of 18 April 2016, I referred to at the bottom of p43. Snapshot from file.

I Was Put Back in Time by the Recommendation

Even in light of the above, the Applicant could still succeed in his claim if he could prove that the net asset backing of 58 cents was "materially adverse" information that required the FSP to issue a supplementary PDS. For the reasons below this was not the case.

'Could prove' refers to 'a future now' for the Applicant BUT back at the time. 'Issue' is present indicative tense referring to the earlier time period.

The essential difference between an A-IFRS calculation and a non A-IFRS calculation is that the A-IFRS figure does not treat convertible debt as equity.
This is false – it is one minor difference only. Highly deceptive.

If the Applicant wanted to work out A-IFRS net asset backing he could do so from the First PDS as follows: **'Wanted to work out' – back then at the time.**
Non-A-I FRS calculation (as specified in the 2005 PDS) – does not specify this
Net assets of the Fund as of 28 February 2005: $9,836,000
Number of Units: 10,667,000
$9,836,000/10,667,000 = 94 cents (non A-IFRS net asset backing per unit)
This calculation is false and highly deceptive.

A-IFRS calculation. **I would never do this – it's deceptive rubbish.**
Net assets:
$9,836,000 – $4,000,000 (attributable to convertible debt which was treated as equity) = $5,836,000. **IT ALREADY IS A LIABILITY IN THE TABLE IN THE PDS. IT IS BEING TAKEN OFF TWICE.**
Number of units – 10,667,000
$5,836,000/10,667,000 = 55 cents = **RUBBISH**

OG 1 May 2012

13) BREACH OF TOR 7.2 OG p60 1st paragraph, TOR 8.1 OG p70, 71

Mr [redacted] – 100% the Opposite of the PDS
I do not accept the submission. The convertible debt did not represent unit holder's funds until the debt was converted to units. There was certainly a possibility that it may be converted to units but this does not mean it was an amount representing unit holder's funds. The debt could also have been repaid without the need to convert it to units. It is therefore more properly characterised as a debt owed to the related entity .

Table page 5 PDS. Footnote 2 '*Calculation **assumes** convertible debt is **classified** as equity.*' Nothing at all about it actually being converted.

The words 'represent' and 'assumes' are consistent with each other but the Recommendation failed to do cross checking between the 2 documents.

> **If I went to a fancy dress party as Mr. 'XY' – I could not do it according to the Recommendation. Only Mr. 'XY' could.**

1) We know the convertible debt is debt. We know it is not equity. That is not what we wish to know. We wish to know: **can** it be said to represent equity before it is converted or repaid? Yes, I used present value analysis to prove this – not that it was equity but it could represent equity. **BUT** this causes 2 classes of units to exist in the Fund, with a significantly different NAB – this is not permitted under the Constitution. The extra units don't confer an interest in the Fund. ⟶ Can't put the 94 cents in PDS.
2) *The debt could also have been repaid without the need to convert it to units.* We are not talking about repayment. We are talking about: CAN it represent equity before it is converted or repaid? Yes.
3) THE FACT IS: THIS ANALYSIS OF 'REPRESENT' IS SHATTERED BY THE REALITY OF TAKING A LIABILITY OFF TWICE AND TREATING A LIABILITY AS NOT A –VE ITEM IN THE BALANCE SHEET TABLE.

According to the Operational Guidelines, information should be honest, reliable and subject to **cross checking**.

information from one source that is consistent with information from another source is more reliable. **Cross checking**. OG p71
FOS's obligation to be fair to the parties when assessing information requires it to give due weight to reliable information. OG p70

The glaring chasm between the analysis of the Constitution and the PDS is not mentioned. Cross checking – not complied with or disregarded.

20) BREACH OF TOR 7, 8.1, 8.2a), b) & c) – FALSE STATEMENT

This Recommendation is based on what is fair in all the circumstances, having regard to the relevant law, good industry practice, codes of practice and previous FOS decisions.

* No-one in the industry treats a liability as an asset in a Balance Sheet.
* It is not good industry practice to use mutually corrupt figures.
* It is not 'fair' to indulge in misleading statements in order to suit one's purpose.
* It is far from 'fair' to knock out the very thing that was needed – the definition of liabilities – and then to say there was no method prescribed to calculate the NAB of 94 cents, when a fall in a liability is equivalent to adding the fall back.
* Having regard to the relevant law – the problem is the 55 cents smashes the Accounting equation and is in breach of the Corporations Act.

BREACHES OF TOR BY OMBUDSMAN

These were detailed in my letter of 26 May 2016 to FOS. I noted 16 – I think I missed a few. It was a 26 page letter. I summarise the main points.

He lied about me having calculated the 55 cents and made a number of false statements. He corruptly used 'Management of the Fund as a Whole', he did not perform error correction. He simply rubber stamped what was in the Recommendation. He did not apply the relevant law. He did not apply checking & cross checking. It seemed he did not read the PDS. How could he have read it when the CD is so obviously a liability in the Table? **If he did look at the Table we are looking at damnation.** His 'performance' gives the lie to independence & fairness. I had written 16,500 words (approx.) in my Response & explained the Fund well. My CM told me I would have to explain it to the Ombudsman – which I did. Nonetheless he had little idea about this Fund – except to pick up on little details and distort. **BOP & the 78.1 cents – I explain this separately on p's 56-62.**

One of the interesting & corrupt things about this Fund is that the PDS and the Constitution are on a different basis for the calculation of the Unit Price. The same variable is being used in the calculations, 'Net Value of Trust Property' but its meaning is different in the PDS Vs the Constitution. In the PDS it does not include the CD assumed to be classified as equity – but it does in the Constitution. The reason for this is that Units on Issue is used in the PDS but Units in issue is used in the Constitution to do the calculations. This was necessary in order to deceive investors about the NAB in the PDS – see p9. It was a clever deception by the FSP.

The Ombudsman demonstrated a good ability to lie, distort & skim over the surface.

EXAMPLES – snapshots from my file

8) BREACH OF TOR 2.2a)

a) An Ombudsman has the power to exercise all powers and discretions conferred on FOS by these Terms of Reference and to carry out all responsibilities attributed to FOS under these Terms of Reference. An Ombudsman's duties include:

(i) making jurisdictional Decisions
(ii) resolving Disputes by making Determinations; and
(iii) the chairing of and participation in FOS Panel processes

1) He does not have the power to make me travel back through time to do a corrupt calculation of 55 cents A-IFRS. **It is outside of the TOR.**
2) He does not have the power to accept corrupt and complicit calculations that breach the Act and the TOR. Calculations that are clearly wrong – **checking and cross checking OG p70, 71** OG 1 May 2012
3) He does not have the power to twist and lie about the Applicant's adjustment and then use that to benefit the FSP and denigrate the Applicant's calculations.

LOOK AT THIS BLATANT DECEPTION FROM THE OMBUDSMAN
He is blatantly breaching the TOR: 7.1 7.2 7.3, 8.1, 8.2a), b), c) & d)
According to the Ombudsman there were no misleading disclosures.
But using his figures and the PDS there is a major one.

The A-IFRS figure was 55 cents according to the Ombudsman – but this was not disclosed by the FSP. The capitalised expenses don't come into it according to the Ombudsman.

why? – A-IFRS was not in the Fund then

The NAB shown in the 1st PDS was 94 cents. 'A-IFRS' was not 'said' in the disclosure. The PDS said, *calculation assumes convertible debt was classified as equity.* An Investor sees the convertible debt is a liability in the Table. It was very easy to calculate 92.2 cents from the ~~t~~he Table: $9.836mn/10.667mn = 92.2 cents.
The 92.2 cents is the figure with the CD NOT treated as equity from the Table.

Now the Ombudsman says this 92 cents figure – which was not shown in the PDS – was 55 cents, CD not treated as equity. There is a massive problem with the disclosure. 92 cents Vs an undisclosed 55 cents – they are on the same basis according to the Ombudsman and the Recommendation. They are the NAB figure with the CD NOT treated as equity.

This is highly deceptive. The very opposite of what the Ombudsman says.
I should have been sent another Disclosure Document

this example is on page 54 of this document

There is another blatant example of his corrupt use of figures on page 18.
It is about the capitalised acquisition costs, the 92 cents & the 55 cents.

This next part is from a different section in my letter of 26 May 2016.

He used MFW to hide his deception w.r.t. the 55 cents, the 94 cents and the deception in the Fund w.r.t. the fake units. Then he lied and used me to validate it.

FAKE UNITS

Do not meet the definition of securities in Section 92 – BUT they are being treated as if they do.

The fake units do not confer a beneficial interest in the Trust

Breach clause 4(c) in Constitution

CORPORATIONS ACT 2001 - SECT 92
Securities means
(1)(c) interests in a managed investment scheme.
(3)(c) interests in a registered managed investment scheme

CORPORATIONS ACT 2001 SECTION 1013D
(1)(f) information about any other significant characteristics or features of the product or of the rights, terms, conditions and obligations attaching to the product;

Breach Corporations Act Regulations – Reg 7.9.11X

5) BREACH OF TOR 5.1i), 7, 8.1 8.2a), b) c) & d), 8.4

I have decided this case on its merits, having regard to the relevant law, good industry practice, codes of practice and previous Financial Ombudsman Service (FOS) decisions. I have taken into account all the material submitted by the parties, both before and after the Recommendation. I am satisfied that the documentation relied on has been provided to both parties. File Note – see purple writing below

The Merits of the 55 cents. The calculation treated a liability as NOT A –VE ITEM IN A BALANCE SHEET – AS AN ASSET. It was and is an invalid figure. It was in corrupt alliance with the 94 cents. It hid the use of fake units in the Fund. There is no merit here. The opposite is true. In my letter of 18 April 2016 I said it had zero merit. **It is more accurate to say it had negative merit and this was used against the Applicant. This is deliberately harming the Applicant using a figure known to be wrong – unconscionable conduct.**

There was a **File Note** advising the 55 cents was wrong. The convertible debt was also shown as a liability as at 30 June 2005 in the figures in the Recommendation. It was utterly impossible for the 55 cents to have been right or to have had merit.

I said in my Response the convertible debt was being taken off twice and analysed why it was wrong. I may as well have said Kit Kats are on special on Neptune.

I said I would not have calculated the 55 cents under any circumstances because the convertible debt was a liability in the Table. It made no difference at all. **He deliberately twisted what I said and attributed this corrupt 55 cents to me.**

It was also blatantly obvious that the calculation of the 94 cents was wrong. Surely, he knows how to do a long division – especially when he was shown the calculation in the Recommendation was wrong.

What about the File Note you made no mention of? 55 cents can't be relied on. Breach of para 8.4

CONTINUES ON PAGE 50

Relevant Law
Corporations Act – Accounting equation broken. Breach of 334(1).
MFW – fake units – Corporations Act, breach of s92, s1013D.
MFW – acquisition costs. Uses MFW to exclude acquisition costs so he can knock out the 92.2 cents. Then keeps the acquisition costs IN so he can give the green light to a corrupt 55 cents. He is breaking the law.
Corporations Act – uses lies to ascribe the corrupt 55 cents to the Applicant. Makes the Applicant an abettor in illegality.
A-IFRS – the AASB put out this document on 10 August 2004. 'AASB adoption of IASB standards by 2005'. I found it on 22 May 2016. '*The AASB made Australian equivalents to International Accounting Standards Board (IASB) standards on 15 July 2004*' Did the Ombudsman refer to this document?
Balance of Probabilities – NO
Does he need to? – NO, because effect of A-IFRS given in PDS.

Good Industry Practice/Codes of Practice
* No-one in the industry treats a liability as an asset in a Balance Sheet.
* It is not good industry practice to use mutually corrupt figures.
* It is good practice to add figures up to check. These days with computers a lot of people don't know how to add up. But it can be done with a calculator.
* It is good practice to check long division calculations. This can be done with a calculator. Of course, when it is an Applicant telling you a calculation is wrong, what would they know.
* When addition and subtraction in the one Table are involved, it is a challenge for some people. Nonetheless, it can be overcome with practice. The memory function on a calculator can be used to assist in one's endeavours.
* How A-IFRS was going to affect the Fund was given in s11.7 of the PDS. s11.9 was also relevant – acquisition costs were capitalised. Convertible debt not mentioned – because it was a LIABILITY in the Table.

FOS Decisions – Misuse of FOS Decisions
Fake units. I was the first person to uncover that fake units – which were put through the Constitution – were being used in the NAB calculation and were in the formula for the calculation of the Unit price. This completely changed the situation. The treatment of the convertible debt as equity was prescriptive BUT there were now 2 classes of units in the Fund with different NAB AND the fake ones breach the Corporations Act and clause 4(c) of the Constitution. Accordingly, the NAB of 94.3 cents could not be put in the 1st PDS nor the $1.00 in the 2nd PDS. The Unit price has to conform with the formula. Can't put that in the PDS's either.

Acquisition costs – He can't include and exclude them at his whim to suit his nefarious purposes. **It is corrupt. I prove this on page 18.**

see p54 of this document

11) BREACH OF TOR 7, 8.1
THE OMBUDSMAN'S LIES – TAKE A GOOD LOOK AT THEM

see Technical Note below

My estimate of **11 Aug 2014** was 78.1 cents. I increased it to 80.5 cents on **3 July 2015** for a 2.4 cents adjustment by the FSP that I raised in my letter of **8 Dec 2011**. I have since proved that the 78.1 component was 77.6 cents. Add 2.4 cents = 80.0 cents. The 2.4 cents was an increase in the capital value.

The Applicant, amongst a number of submissions, has attempted to clarify and recalculate the A-IFRS figure as at 28 February 2005. His intent in doing this was to demonstrate that the Fund's net asset backing had fallen from 78.1 cents at that date to 58 cents on 30 June 2006 and that this was a materially adverse change in the Fund that should have been disclosed to him.

blatant lies and rubbish

His calculations differed from those made prior to the Recommendation, when he calculated the net asset backing at the time was 55 cents a share. This has required him to make his own assumptions in respect of certain transactions, such as in respect to Allianz House and Cavenagh House, and then reach alternative conclusions in respect to the findings in the Recommendation. He has discussed how he would have responded to his recalculated A-IFRS figure of 78.1 cents.

more lies and rubbish

The Applicant has detailed a number of things in his re-calculations, after the Recommendation. This led to his changing his original conclusion that the net asset backing was 55 cents to 78.1. Essentially his contention is that the capitalised acquisition costs be removed and that convertible debt as equity should not be included in unit price. This is not in keeping with previous FOS decisions and I see no reason to adopt a different approach.

He has got this mucked up here – but we will get to it.
He is hiding what is occurring in the Fund. He is being deceptive.

I am reading it all again – I never fail to be amazed at the absurdity of it all. The deception, the lies, how corrupt it is. **HE IS DELIBERATELY LYING.**

TECHNICAL NOTE

I have since come to the conclusion that the 1/2 a cent fall in the fair value of the interest rate swap contract is a theoretical effect. Therefore I have dispensed with the 77.6 cents.

I am of the view that we can consider 2 A-IFRS figures as at 28 Feb 2005.
1) A practical figure of 78.1 cents from the PDS.
2) A theoretical figure of 80.0 cents. – where we take account of 2 theoretical effects: a) an increase of 2.4 cents – derived from Cash Flow Statement.
b) The estimated 1/2 a cent fall in fair value of the interest rate swap contract.

I have reproduced this section from p8 of my submission of 30 January 2017 to the EDR Review. Links to No. 11 on page 51.

THE OMBUDSMAN'S FABRICATIONS

In my Response to the Recommendation I showed how to move from the wrong calculation of A-IFRS to the right one – at the time 80.5 cents. (The 2.4 cents differential is a theoretical effect.) The Ombudsman used this to say I had calculated the 55 cents before the Recommendation did and used it to recalculate my figure of 78.1 cents. There is nowhere else where he could have gotten this from.

PROOF this was not a misunderstanding was sent to FOS. I used the A-IFRS figure to prove it. It's in another file. **It's at p's 34-41 in this document.**

MY ADJUSTMENT

This is in compliance with the disclosures in the PDS and A-IFRS

$$\frac{\text{Net Assets + CD assumed to be classified as equity} - \text{CD} - \text{Capitalised Expenses}}{\text{Units on Issue}}$$

we are removing the capitalised acquisition costs – which we must do under A-IFRS.

Remove net decrement under A-IFRS

$$\frac{\$9.836\text{mn} + \$4.0\text{mn} - \$4.0\text{mn} - \$1.25\text{mn}}{10.667\text{mn}} = 80.5 \text{ cents A-IFRS}$$

This is the NAB disclosure in the PDS. Liabilities fall by $4.0mn – we add the fall back to Net Assets.

Remove the $4.0 to comply with A-IFRS. Under A-IFRS we cannot treat CD as equity prior to conversion.

IS THE 55 CENTS THERE? – NO

IS THE 78.1 CENTS THERE? – NO

He could have fabricated 3 figures – 92 cents, $1.30 and 55 cents. But he chose that I had calculated the 55 cents. A deceptive and corrupt figure. It was deliberate. This is corrupt fabrication.

1st Fabrication: 9.836 + 4.0	Calculate: 13.836/10.667 = $1.30
2nd Fabrication 9.836 + 4.0 – 4.0	Calculate 9.836/10.667 = 92.2 cents
3rd Fabrication 9.836 – 4.0	Calculate 5.836/10.667 = 54.7 → 55 cents

I HAVE ALREADY PROVED IT WAS NOT A MISUNDERSTANDING – MY LETTER OF 11 NOV 2015

THE 1ST THING WE HAVE TO DO IS TO PROVE HE WAS LYING

Step 1) – the Ombudsman reviewed all documents.
Step 2) – there is no document prior to the Recommendation, where I calculate the 55 cents A-IFRS. **I HAVE PROVED IT WAS NOT A MISUNDERSTANDING. THEREFORE HE IS LYING BY SAYING I CALCULATED IT**
Step 3) – my estimate of **11 Aug 2014** was 78.1 cents A-IFRS.
Step 4) – I increased it to 80.5 cents on **3 July 2015** for a 2.4 cents adjustment **by the FSP** that I noted in my letter of **8 Dec 2011** at p4.
Step 5) – I then clarified the 2.4 cents adjustment by the FSP on **12 July 2015** as I saw it would have affected the actual NAB figures in the 1st PDS rather than being a simple adjustment because $250,000 was put through as part of the acquisition cost. There was an anomaly in the Financial Report figures – which I explained. Rather than disturbing the existing figures in the PDS– which would have caused a lot of confusion – I simply used the net decrement approach. Parsimony.
Step 6) – I sent you a detailed proof about my adjustment to Mr. [redacted] figure of 55 cents. I am not using it to recalculate my figure of 78.1 cents.
STEP 7) – HERE I AM TRAVELLING BACK THROUGH TIME – PROVED – IMPOSSIBLE
STEP 8) – **I also applied Mr. Singh's method to the 2nd PDS – you get the absurd result of -ve 56 cents. NO PROBLEM. IGNORE IT.**
Step 9) – The Ombudsman can see the idiotic absurdity of it. WELL – twist it instead and say the Applicant used the 55 cents to recalculate the 78.1 cents. **It is very underhand and not legal.**

His calculations differed from those made prior to the Recommendation, when he calculated the net asset backing at the time was 55 cents a share. This has required him to make his own assumptions in respect of certain transactions, such as in respect to Allianz House and Cavenagh House, and then reach alternative conclusions in respect to the findings in the Recommendation. He has discussed how he would have responded to his recalculated A-IFRS figure of 78.1 cents.

He uses attributing the 55 cents to me to denigrate the 2.4 cents and the 78.1 cents. I am required to make assumptions because I calculated the 55 cents. NO The 2.4 cents had nothing to do with Mr. Singh's corrupt 55 cents.

THIS LYING AND TWISTING IS SO UNDERHAND. IT IS SO FOREIGN TO ME.

10) BREACH OF TOR – 5.1i), 7.1, 7.2, 8.1, 8.2a), b), c)

THE OMBUDSMAN IS BEING CORRUPT– HAVE A GOOD LOOK AT IT

Ombudsman's Corruption w.r.t. the Carrying Values

FSP reviewed latest valuations & determined carrying values were fair value

There have been arguments raised by the Applicant in interpreting the 2005 PDS and Constitution in respect to property valuations and calculations. These closely relate to the management and managerial decisions that were made in the course of administering the Fund, which fall outside of the FOS Terms of Reference.

In other words the capitalised acquisition costs are EXCLUDED.

Contradiction Number 1

Essentially his contention is that **the capitalised acquisition costs be removed** and that convertible debt as equity should not be included in unit price.

This is not in keeping with previous FOS decisions and I see no reason to adopt a different approach.

In other words the capitalised acquisition costs are INCLUDED.

2.5 Property values – 1st PDS p7

The directors of the Manager have **reviewed the latest valuations** of the Properties and determined that their carrying values give a fair representation of the value of the Properties. **THIS MEANS 92 CENTS IS THE RIGHT FIGURE.**

This means that if the properties were sold the sale price would cover the capitalised acquisition costs because the carrying values include the capitalised acquisition costs. 3 months later – 30 June 2005 – the properties were revalued by an independent valuer and the capitalised acquisition costs were removed.

SO HE CORRUPTLY USES MFW TO KNOCK THE 92 CENTS OUT. See p16.

I think I have covered it here

Contradiction Number 2 – I refer here to the 55 cents & 92 cents

This time he wants to keep the capitalised acquisition costs IN – so he can justify coming up with the CORRUPT 55 cents A-IFRS because under A-IFRS they should be removed.

THE 55 CENTS IS ON THE SAME BASIS AS THE 92 CENTS. It is the NAB figure without the CD treated as equity, AND would include the acquisition costs.

HE IS CORRUPT

He is acting totally corruptly. He simply twists things to suit whatever purpose he wants. This is the same characteristic he displayed when he twisted the adjustment I made to Mr. [redacted] 55 cents and said I calculated it before the Recommendation did. TIME TRAVEL EFFECT. Also w.r.t. the 2.4 cents adjustment. Also the 78.1 cents.

6) FILE NOTE – BREACH OF TOR 8.4, 8.2a), 8.2a)
I am advised by Ms. [redacted] that the File Note was reviewed by the Ombudsman as he reviewed all documents. The Ombudsman himself says he reviewed all documents. The File Note was written on 3 June 2015 or shortly thereafter. It should have been near the top of the File. I analysed this when I addressed the breaches of the TOR by the Recommendation.

A) Breach of 8.4 – as per my analysis at page 9, letter of 18 April 2016.
B) 2 breaches of 8.2a) – 55 cents can't be relied on
– keeps to himself that the 55 cents can't be relied on.

- CM wrote File Note but I generated the advice the 55 cents was wrong.
- Can't be relied on – known to be wrong
- Confirmation advice needed to have been sent to the parties.

4) BREACH OF TOR 11.3 The Determination is null and void in my view.

1.3 Determination
This Determination is in favour of the FSP.

There are numerous breaches of the TOR, corrupt use of figures, the 55 cents breaches the Corporations Act, corruptly complicit with the 94 cents, corrupt use of Management of the Fund as a Whole w.r.t. the fake units which also breach the Corporations Act, a further corrupt use of Management of the Fund as a Whole w.r.t. the capitalised acquisition costs – the 92 cents and the 55 cents – gross negligence and lies. Uses the Applicant by lying to validate deception, breaking the law and breaking the TOR. I have a strong impression that he did not look at the figures in the Table. This is confirmed by his balance of probabilities assessment. The margin of error was small. Paragraph 11.3 applies to the Ombudsman.

BALANCE OF PROBABILITIES - FOR THE 78.1 CENTS

BOP or preponderance of evidence, scales of justice.

On the BOP the likely error in my figure of 78.1 cents A-IFRS was only small. Around 2-3 cents or less. Since then I have proved it to the cent.

HOW DID THE OMBUDSMAN APPLY BOP?

> *'The Applicant's calculations were then based on certain assumptions he made from a range of excerpts from documentation. This led to hypothetical conclusions that were not necessarily valid. Accepting the conclusions he reached would have required speculation on my part, which would not be appropriate.'*

HE NEEDED TO USE THE FIGURES TO APPLY BOP PROPERLY. IT IS EASY TO DEMONSTRATE THAT THE LIKELY ERROR FIGURE WAS 74.9 CENTS – AND MAY HAVE BEEN HIGHER. **See p62.**

WHAT HAD HE ALREADY DONE? ENTERS BOP WITH HIGH BIAS

1) He denigrated the merits of the 78.1 cents by fabricating that I used the 55 cents to recalculate it.
2) He wiped out the 2.4 cents by saying I had to make assumptions – when the figures came from the Cash Flow Statement & the 2 PDS's. The purchase cost of Allianz House had been increased by $250,000. IT WAS A FACT.
3) He said I had to do it because of the 55 cents. NO. I had sent in a letter to the FSP about it 3 1/2 years before the 55 cents came out – he knew that, I told him.

I said, *I concluded that something had been left out of the initial Acquisition cost or some other money had been spent and was now being picked up in the later valuation as part of the Acquisition cost.* **Source: my Response of 12 July 2015.**
These are the assumptions he refers to. But the purchase cost had gone up – he knew.

He goes into the BOP assessment with a very high level of bias. He has basically already decided the 55 cents is right – and he did that by corruptly using me. He is saying actual figures are assumptions. I did make some assumptions – but they were minor.

WHAT USE DID I MAKE OF THE FINANCIAL REPORTS?

I told him that I was doing it as if I was back in time to when I made my investment as the Recommendation HAD put me there. So I only made very limited use of the Financial Reports – as it would have been dishonest otherwise – a breach of the TOR. However, I already did know some of the necessary figures. ON THE FIGURES PROVIDED & ON THE PDS – WHICH HE IS SUPPOSED TO HAVE LOOKED AT – USING BOP THE ERROR IN THE 78.1 CENTS WAS SMALL.

HOW IS THE ASSESSMENT OF THE 78.1 CENTS A-IFRS DONE?
This is from my Response of 22 July 2015

There are 5 variables to consider

1) The CD assumed to be classified as equity
2) Capitalised establishment costs
3) Capitalised borrowing costs
4) Change in valuation of derivative financial instruments
5) Capitalised acquisition costs

1) CD Assumed to be Classified as Equity - we can dispense with it
We can dispense with this immediately. The CD is a liability in the Balance Sheet Table in the PDS. We do not need to consider it because it is not in the Net Assets figure of $9.836mn in the Table in the ist PDS at page 5.

THIS IS NOT AN ASSUMPTION - I REFER HIM TO THE TABLE IN THE PDS.

2) The Capitalisation of Establishment Costs
These would affect the A-IFRS figure. The PDS s11.7 advises:

'To the extent that establishment costs are currently recorded in the statement of financial position at cost less accumulated amortisation, these costs will have to be written off;.....'

I would have expected most of these establishment costs to have been written off. I would have considered it to have been a small effect which I could have allowed for in my consideration of the acquisition costs.

What actually happened to these establishment costs? They appear not to have been capitalised. The 2004 FR at page 12 shows Prospectus Transaction Costs as $850,343. This amount was taken off Unit holders' funds as shown at page 7. It was not treated as an asset.

In the 2005 FR at page 14 Prospectus Transaction Costs were shown as $1,606,640. This amount was taken off Unit holders' funds as shown at page 8. It was not treated as an asset.

HE IS SAYING THESE FIGURES ARE ASSUMPTIONS - NO. THEY ARE FROM THE FINANCIAL REPORTS. (Note that the $1,606,640 is the cumulative figure for 04 + 05)

These amounts were not treated as an asset. They were not capitalised.

ASSUMPTION THAT I DID MAKE. If there are any capitalised establishment costs left they will be minor - conforms with FSP's advice. 'To the extent....' **AND on BOP he could have easily derived a figure of 2.25 cents.** **See p58.**

WHAT HE FAILED TO DO UNDER BOP

Because it seems he did not look at the figures in the Table he failed to realise that the maximum amount of capitalised establishment costs that could have been in the figures was:

$483,159 → **4.5 cents per unit, max. Likely 2.25 cents or less.**

This is easily obtained by someone doing BOP – which is what he did.

Capitalised establishment costs will be in Other Assets of $970,000 – from the Table. I told him that capitalised borrowing costs were $486,841 – also in Other Assets → the max. amount was $483,159. (Note: capitalised borrowing costs were actually $537,458 as at 28 Feb 05 – done later – and the $486,841 was as at 30 June 05. I had to use the figure as at 30 June 05 BECAUSE there is no FR as at 28 Feb 2005.)

Using BOP as 50/50 for other things such as Trade Receivables, Prepayments, Accrued Income, etc, that would be in Other Assets, then 2.25 cents per unit MAY have been capitalised establishment costs that were still in Net Assets – they actually turned out to be nil.

3) Capitalised Borrowing Costs

These would affect the A-IFRS figure. The PDS s11.7 advises:

'.....Borrowing costs must be expensed in the period in which they are incurred, and not capitalised and amortised over the term of the debt facility;...'

I don't know how much they are. I don't have the Financial Reports.

How to Proceed: I would have done a Google Search 'A-IFRS and borrowing costs' in early August 2006. Now, this search brings up a number of documents including some earlier ones. I also did this search in late 2014. For qualifying assets such as office properties, borrowing costs can still be capitalised.

he is supposed to know about A-IFRS & I have told him

I interpret the advice in the PDS to mean for non qualifying assets.

I did not have the Financial Reports. However, my interpretation is correct.

The half year Financial Report as at 31 December 2004 p11 advises:

'....borrowing costs that are not directly attributable to qualifying assets are to be written off as incurred.........'

the borrowing is for OFFICE properties – it's an OFFICE Fund, he knows that.

The amount attributable to non qualifying assets I think would be small.

The amount attributable to qualifying assets is not trivial - as at 28 February 2005 it would have been $486,841 equivalent to 4.6 cents/Unit.

For non qualifying assets the amount appears to have been nil.

Borrowing costs were treated as negative liabilities and so did not affect Net Assets. I am telling him this in my Response & in another related Response – see p59

- I have quoted from the Financial Report as at 31 Dec 2004 – it is only for non qualifying assets that they have to be written off. For the qualifying assets, which are office properties, borrowing costs can be capitalised – **and it's an Office Fund.**

- The amount was $486,841 and it can be capitalised under A-IFRS. From 2005 FR.

THESE ARE NOT ASSUMPTIONS – FROM THE FR's.

In the first instance I tell him I don't have the FR's – he knows I am doing this as if I am back in time to when I made my investment & I did not have them then. But then I check from the FR's & I tell him that.

I did not **directly** tell him the $486,841 was from the 2005 FR. I had however, referred to it earlier & later – see p57 & p60. I said "... it would have been $486,841..." because I had to put the figure back from 30 June to 28 Feb. There is no FR as at 28 Feb 2005. He is aware of that. Where else I am going to get this figure from? It must be the FR.

I told him, for non qualifying assets the amount appears to have been nil – **in other words I had checked from a document. To check as at 28 Feb 05 it has to be the 2005 FR as at 30 June or the 2006 FR – which also shows 2005 figures.**

HERE IS MY HYPOTHETICAL CONCLUSION – THAT CAPITALISED BORROWING COSTS FOR NON QUALIFYING ASSETS WOULD BE SMALL AND APPEAR TO HAVE BEEN NIL. IT IS A PERFECTLY VALID CONCLUSION. **IT'S AN OFFICE FUND.**

WHEN I QUOTE FROM THE FR HE SAYS IT'S AN ASSUMPTION.
HIS ASSESSMENT IS VERY BIASSED & NOT IN ACCORD WITH BOP AT ALL.

TREATMENT OF CAPITALISED BORROWING COSTS AS NEGATIVE LIABILITIES

All the borrowing costs were taken out of assets **when** A-IFRS implemented & treated as negative liabilities – so he does not have to worry about the distinction between qualifying & non qualifying. I tell him they were treated as -ve liabilities. I told him twice.

As at 28 Feb 2005 A-IFRS was NOT in the Fund – which the Ombudsman knew. This means he knew they **must** be in Other Assets as at 28 Feb 2005 – can't be anywhere else. I refer him to s11.7 in the PDS – advises A-IFRS will be 1st implemented for HY ended 31 Dec 05.

Treatment of Capitalised Borrowing Costs as Negative Liabilities

The capitalised borrowing costs had the potential to affect the A-IFRS figure as at 28 February 2005. These capitalised borrowing costs were removed from assets and treated as negative liabilities. Net Assets was not affected,
Response of 12 July 2005

Borrowing costs were treated as negative liabilities and so did not affect Net Assets. Response of 22 July 2005

4) Change in Valuation of Derivatives
The change to fair value - presumably from issue cost - will not have much of an effect on A-IFRS. The value of the derivative instruments will be relatively small, since borrowing is not that high. The change in valuation basis will be a small change on a variable with a relatively small value. I would have considered the effect to have been negligible.

It is instructive to look at the Financial Reports to see if my assessment would have been correct or not. The 2005 FR does not show a value for derivatives. In the 2006 FR the 2005 figure was revised to a liability of $131,205. On page 19, it is shown as $131,205 on an A-IFRS basis. The effect of the valuation change on the figures as at 28 February 2005 appears to be nil.

**ONCE AGAIN I AM TELLING HIM WHAT IS IN THE FR's.
I HAVE MADE ASSUMPTIONS HERE. THEY ARE QUITE REASONABLE. I WASN'T QUITE RIGHT. I SAID NEGLIGIBLE – IT WAS 1/2 A CENT.**

A liability was raised in the Transition Table to A-IFRS in the 2006 FR for $131,205 as at 30 June 2005 for derivatives. **This is 1.2 cents A-IFRS. As at 28 Feb 2005 it will be less. Under BOP an effect of 9/10 ths of a cent can be easily calculated using the PDS and taking it back for 2 months from 1 Jan 2005 to 28 Feb 2005.**

IT IS AN ACCRUED LIABILITY EFFECT WHICH MAY NOT EVEN HAVE BEEN RECOGNISED BY THE FSP IF A-IFRS HAD BEEN IN THE FUND BECAUSE THESE DERIVATIVES WERE SETTLED QUARTERLY. 28 Feb 2005 is not a normal reporting date such as 30 June.

**THE SIZE OF THIS THEORETICAL EFFECT WAS 1/2 A CENT A-IFRS.
IT MUST BE A SMALL EFFECT.**

AGAIN A HYPOTHETICAl CONCLUSION THE OMBUDSMAN SAYS WAS NOT NECESSARILY VALID. I MEAN WHO IS HE KIDDING? 1/2 A CENT. At most 9/10 ths of a cent under BOP.

It's an Office Fund. They are not speculators in foreign exchange. We are not talking about an organisation that is constantly dealing with money market hedges – puts & calls – forwards, futures & exchange rate arbitrage. Someone constantly looking at exchange rates to see if interest rate parity applies – using the Fisher theorem – direct & indirect exchange rate quotes, borrowing in one country and investing elsewhere then covering themselves and then disentangling it all in 90 days or whatever – so they can make an arbitrage profit. IT'S AN OFFICE FUND THAT ONLY HAD 2 PROPERTIES AND BORROWING OF $18.6 MILLION AS AT 28 FEB 2005 AND HAD A HEDGED AMOUNT OF $8.5 MILLION – FROM THE PDS p5.

This lets him know that capitalised acquisition costs must be removed under A-IFRS. And yet he says that is not what previous FOS decision say – **he's lying again.**
SEE PAGE 54. Contradiction 1. YOU CAN SEE HE IS LYING ABOUT THIS.

5) Capitalised Acquisition Costs.
s11.9 of the PDS 'Valuation Methodology' tells me:

'Real property assets are initially recorded at cost (including capitalised acquisition costs in relation to their purchase). Thereafter, the value of an asset will be the market price of the asset,......'

I can derive the capitalised acquisition costs of $1.5mn from the PDS. I know that most of these will have to be written off under A-IFRS but some may be able to be capitalised but I don't know exactly what the situation is.

Therefore I remove all of these costs.

MY HYPOTHETICAL CONCLUSION here is that I remove all of the capitalised acquisition costs – even though I know that $250,000 was added to the purchase cost of Allianz House as a capital addition.

I REMOVE THEM ALL JUST IN CASE THERE IS A SMALL AMOUNT FOR CAPITALISED ESTABLISHMENT COSTS. I TOLD HIM I WAS GOING TO DO THIS.

THIS IS NOT INVALID. I AM BEING CAUTIOUS AND REMOVING THEM ALL.

B) My Estimate of the A-IFRS Value at the Time
I derive my estimate as at 28 February 2005 as follows.

(Net Assets - capitalised acquisition costs)/Units on Issue = Estimate of A-IFRS figure

($9.836mn - $1.5mn)/10.667mn = 78.1 cents

TAKE A GUESS AT WHAT THIS FIGURE TURNS OUT TO BE WHEN IT IS ANALYSED THOROUGHLY FROM THE FINANCIAL REPORTS. THAT'S RIGHT 78.1 CENTS.

I did treat the 1/2 a cent fall on account of the change in fair value of the interest rate swap contract as a theoretical effect. It wasn't being done at the time & it's not at all clear if the FSP would even have recognised it if A-IFRS had been in the Fund BECAUSE the interest rate swap contracts were settled quarterly. It's an accrued liability effect. It may not even have been recognised because 28 Feb is not a normal reporting date.

A theoretical A-IFRS figure of 80.0 cents can also be derived.

BOP FIGURES

I have discussed the assessment by the Ombudsman of the 78.1 cents and given my actual response at the time. I now derive 2 BOP figures that the Ombudsman could have done had he used the figures given to him and the Table in the PDS. There is nothing hard.

This is a snapshot from my letter of 18 April 2016 to FOS.

Max. Error Figure, 72.7 cents **Likely Error Figure, 74.9 cents**

Step 1 Capitalised establishment costs will be in 'Other assets' of $970,000. There is nowhere else they could be. Capitalised borrowing costs were $486,841. Given to Ombudsman. Balance $483,159 Units 10,667mn. → 4.5 cents/Unit

Step 2 Change in fair value of the interest rate swap contract. A liability. Using 'balance of probabilities' gives 9/10 ths of a cent.
(This 0.9 cents can be seen to be lower from page 7 of the PDS.)

Step 3 Derive maximum error figure, 72.7 cents
72.7 cents = 78.1 cents – 5.4 cents
Where: Max. error: 4.5 cents + 0.9 cents = 5.4 cents.

Derive Likely error figure, 74.9 cents.
74.9 cents= 78.1 cents – (4.5 cents/2) – 0.9 cents

Using the balance of probabilities method we can also derive 77.2 cents. These figures are close to my estimate of 78.1 cents.

The ombudsman said he had to speculate. All he had to do was use the figures in the PDS – with only one balance of probability assumption 50/50,
How to calculate the 9/10ths of a cent was in my letter of 31 December 2015.
It is 2 months worth of interest from 1 Jan 2005 to 28 Feb 2005.
It is a theoretical effect.

(**Note:** capitalised borrowing costs were actually $537,458 as at 28 Feb 05 – determined later – and the $486,841 was as at 30 June 05.
I had to use the figure as at 30 June 05 BECAUSE there is no FR as at 28 Feb 2005.)

MY FULL PROOF OF THE 78.1 CENTS IS ON p's 63 – 88.

PROOF OF THE A-IFRS FIGURES

as at 28 FEBRUARY 2005

Practical A-IFRS	78.1 cents
Theoretical A-IFRS	80.0 cents

THE PRACTICAL A-IFRS FIGURE AS AT 28 FEBRUARY 2005 WAS 78.1 CENTS

We follow s11.7 in the First PDS at page 35

Theoretical Effect of 1/2 a cent

There is a theoretical fall of 1/2 a cent caused by the change in the fair value of the interest rate swap contract. The figure is the theoretical accrued liability effect because the interest rate swap contract for the $8.5mn was settled quarterly on 24 April 2005, 24 July 2005, etc. The procedure was put back for the year ended 30 June 2005 by the FSP. Transition Tables for A-IFRS were given, back to 1 July 2004. We want to calculate the accrued change in fair value as at 28 February 2005 from drawdown on 24 January 2005.

NOTE 1: This procedure was not being used in the First PDS when it was issued. Therefore, I have not taken it into account for the practical A-IFRS figure. 28 Feb 2005 is not a normal reporting date.
I have included it in the theoretical A-IFRS figure.

NOTE 2: The 2nd swap contract for $2.16mn did not come into existence till after 28 February 2005 - which I prove - therefore we don't need to take account of it as at 28 February 2005.

WHAT DO WE HAVE TO DO? - remove capitalised expenses from Net Assets

1) Remove capitalised establishment costs - NIL
2) Remove capitalised borrowing costs - NO. Under A-IFRS borrowing costs in respect of qualifying assets - office properties - can be capitalised. The capitalised borrowing costs were removed from assets by the FSP and treated as negative liabilities. There was no effect on Net Assets. We do not take this into account for the calculation of A-IFRS.
3) Adjust for the change in fair value of the interest rate swap contract. The effect was 1/2 a cent A-IFRS. **As noted it is the theoretical accrued liability effect as at 28 February 2005.**
4) Remove capitalised acquisition costs - $1.5 million
5) Examine the documents for any other effects under A-IFRS we need to take account of - an examination of the documents shows there were not any.
6) **There is 2nd theoretical effect of 2.4 cents for a change in capital value of Allianz House.** (It was 2.34 cents but it was necessary to round it up to 2.4)

THERE ARE 2 A-IFRS FIGURES AS AT 28 FEBRUARY 2005

1) A practical figure of 78.1 cents - based on what was in the PDS at the time.
2) A theoretical figure of 80.0 cents.
   We add the additional 2.4 cents and subtract the fall of 1/2 a cent.

theoretical effect $55,355 or 1/2 a cent
included in theoretical figure

$$\text{Practical A-IFRS} = \frac{\$9.836\text{mn} - 0 - 0 - \$1.5\text{mn} - 0}{10.667\text{mn}}$$

= 92.2 cents - 0 - 0 - 14.1 cents - 0

= 78.1 cents

Practical A-IFRS = 78.1 cents

Theoretical A-IFRS = Practical A-IFRS + 2 theoretical adjustments

+2.4 cents for Allianz house
- 0.5 of a cent for change in fair value
  of interest rate swap contract

Theoretical A-IFRS = 78.1 cents + 2.4 cents - 0.5 cents

= 80.0 cents

(78.148 + 2.344 - 0.519 = 79.973
It has been necessary to round the 2.344 up to 2.4)

Theoretical A-IFRS = 80.0 cents

1) CAPITALISED ESTABLISHMENT COSTS

Nil as at 28 February 2005.
Nil as at 31 December 2004.

An amount of $756,297 was spent on PDS costs after 28 February 2005 – an establishment cost. It was taken off Net Assets as at 30 June 2005 (2006 FR p30). It was not possible for it to have been capitalised as an asset as at 28 February 2005 because the remaining balance in 'Other Assets' as at 28 February 2005 was $432,542 ($970,000 – $537,458). The $537,458 are capitalised borrowing costs as at 28 February 2005.

We do not take account of capitalised establishment costs when calculating the A-IFRS figure because there were no capitalised establishment costs in Net Assets as at 28 February 2005. We do not need to make an adjustment for the $756,297 taken off Unitholders' funds as at 30 June 2005 – which I prove.

I now proceed to prove these things, with you – pages 66 to 73.

If there were any capitalised establishment costs they would have been in Other Assets of $970,000 in the PDS.

Step 1) To prove the amount was nil we first show that capitalised establishment costs were nil as at 31 December 2004

Other Assets as at 31 December 2004 = $653,000 **Source:** 1st PDS p 5
Comprised of: (**Source:** 2005 HY FR p 7)

	$	
Receivables and Prepayments	77,881	
Capitalised Borrowing costs	139,879	(32,865 current + 107,014 non current)
Distributions in Advance	126,532	
Other	308,787	**What is in this figure?**
Total	**653,079**	

Rounded to $653,000 in the PDS

The $308,787 is a deposit + other acquisition costs for the purchase of the 2nd property (Allianz House) on 24 January 2005. These are not establishment costs. **Source:** 2005 HY FR p 8. The figure in the Cash Flow Statement is $308,786. I have ignored the $1 difference to the $308,787 in the Statement of Financial Position. **Source:** 2005 HY FR p7. **Source:** for purchase date: 2005 HY FR note 8 p 11.

Conclusion

There were no capitalised establishment costs in Net Assets as at 31 December 2004.

Step 2) We now show there were no capitalised establishment costs in the $970,000 of Other Assets in the PDS as at 28 February 2005

To prove this we must first establish what capitalised borrowing costs were as at 28 February 2005 as they were included in the Other Assets figure of $970,000.

	$	2005 HY
Balance of Capitalised Borrowing costs as at 31 Dec 2004	139,879	FR p 10
Add Borrowing costs incurred (**Source:** 2005 FR p 13)	397,579	
(Incurred for the 2nd Property purchased 24 Jan 2005)		
Balance as at 28 February 2005	537,458	

I reconcile the $537,458 to the $486,841 balance as at 30 June 2005. **See Step 3 page 68.**

Therefore the balance of Other Assets = $432,542 ($970,000 – $537,458)**.**
The $432,542 is important, we need it.

We now look through the 2005 FR to see if there were any amounts spent on establishment costs during 2005. We know the balance was nil as at 31 December 2004. We are looking for amounts spent that were not expensed.

The Prospectus transaction cost of $756,297 is an establishment cost.

	Notes	2005 $
Cash Flows from Operating Activities		
Interest Received		36,489
Receipts from Tenants		2,890,880
Payments to Suppliers		(313,464)
Interest Paid		(977,490)
Net Cash Provided by (used in) Operating Activities	15(ii)	1,636,415
Cash Flows from Investing Activities		
Property, Plant and Equipment Acquired		(16,625,742)
Net Cash Used in Investing Activities		(16,625,742)
Cash Flows from Financing Activities		
Investment monies received from Unitholders		3,189,500
Loan funds (paid) received		14,245,000
Borrowing Costs Paid		(397,578)
Distributions paid to Unitholders		(884,663)
Prospectus transaction costs		(756,297)
Net Cash Provided by (used in) Financing Activities		15,395,963
Net Increase in Cash Held		406,635
Cash at the Beginning of the Year		484,653
Cash at the End of the Year	15(i)	891,288

Source: 2005 FR p 9.

Yes, we find an amount of $756,297 spent on PDS costs.
It is the only amount that is an establishment cost. It was not expensed.
It was taken directly off Unitholders Funds as at 30 June 2005.
Source: 2006 FR p30 note 13 (a).

QUESTION: Did this $756,297 affect Net Assets as at 28 February 2005? Specifically, was it capitalised as an asset as at 28 February 2005? Do we need to make an adjustment for it to Net Assets as at 28 February 2005?
The amount is $756,297. It cannot possibly be in the Other Assets balance of $432,542 as it is much bigger than the available balance.

We conclude that it is not in the $970,000 of Other Assets in the PDS as at 28 February 2005.

Conclusion

There were no capitalised establishment costs in Other Assets of $970,000 in the PDS as at 28 February 2005. **We now check our conclusion.**

QUESTION: when was the $756,297 spent – BEFORE OR AFTER 28 FEBRUARY 2005? – **see Step 4 page 69.**

Step 3) We reconcile the figures for capitalised borrowing costs

3 a) Reconcile balance as at 28 February 2005 with balance as at 30 June 2005.

Balance as at 28 February 2005	$537,458
LESS Amount amortised between 1 January 2005 and 30 June 2005 ($67,049 2005 FR p 12 LESS $16,433 2005 HY FR p 6)	$50,616
Balance as at 30 June 2005	$486,842

Reconciles with capitalised borrowing costs shown in the 2005 FR p 13 of:

Current	$112,337
Non Current	$374,504
Total	$486,841

There is a $1 reconciliation difference due to rounding. We can ignore this.

3 b) We reconcile the balance of $139,879 as at 31 December 2004 with the balance of $156,312 as at 30 June 2004 (**Source:** 2005 FR p 13).
To do this we remove the amount amortised between 1 July 2004 and 31 December 2004 of $16,433.

$156,312 – $16,433 = $139,879 Reconciles

3 c) We now consider the amount amortised of $50,616 between 1 January 2005 and 30 June 2005.

Under A-IFRS capitalisation of borrowing costs and their amortisation are legitimate for qualifying assets such as office properties. The amortisation is a legitimate expense under A-IFRS. We do not need to make an adjustment to our A-IFRS figure on account of the balance of capitalised borrowing costs being affected by amortisation between 1 January 2005 and 28 February 2005 nor 1 March 2005 to 30 June 2005. The amortisation between 1 January 2005 and 28 February 2005 is approximately $16,000. **The capitalisation of the borrowing costs is legitimate under A-IFRS. We don't need to remove them irrespective of their balance.**

Step 4) We now wish to establish when the $756,297 on PDS costs was spent - BEFORE OR AFTER 28 FEBRUARY 2005?

4 a) We first examine the cash position between 31 December 2004 and 28 February 2005 to see if the expenditure occurred in the interval 1 January 2005 to 28 February 2005.

We know capitalised establishment costs were nil as at 31 December 2004 and we know that the $756,297 was not capitalised as an asset as at 28 February 2005 nor was it expensed as at 31 December 2004.

Cash as at 31 December 2004	$1,243,404	2005 HY FR p7
Cash as at 28 February 2005	$1,443,000	1st PDS p 5
Increase in cash	$199,596	

Cash has gone up - the $756,297 is a large amount and we would have expected a fall. But of course, other things are not equal. **Initially, I approach this from a logical perspective and then prove it with the cash figures.**

We know the $756,297 was not capitalised as an asset as at 28 February 2005 and we know it was taken directly off Unitholders Funds as at 30 June 2005. If the $756,297 was spent between 1 January 2005 and 28 February 2005 then it would be a credit to cash and Net Assets would fall. i.e. they would already have fallen as at 28 February 2005. That is to say, Unitholders' funds would already have fallen. However, it was taken off Unitholders' funds as at 30 June 2005.

Therefore it was not spent between 1 January 2005 and 28 February 2005.

We now check and establish our conclusion.

4 b) To check and establish our conclusion in step 4 a) we now check the cash balance between 28 February 2005 and 30 June 2005

Cash as at 28 February 2005	$1,443,000 1st PDS p 5
Cash as at 30 June 2005	$891,288 2005 FR p 13
Decrease in cash	$551,712

We can see a large fall of $551,712 in the cash balance.

We now look for an excess of $204,585 ($756,297 – $551,712) between incomings and outgoings excluding the $756,297 over the period 1 March 2005 to 30 June 2005. We can find this figure exactly.

Using the Cash Account

Cash increase 1 January 2005 to 28 February 2005	$199,596
Cash decrease 1 March 2005 to 30 June 2005	$551,712
Cash decrease 1 January 2005 to 30 June 2005	$352,116

We now remove the $756,297 from the decrease of $352,116. Therefore we have an increase of $404,181 between 1 January 2005 and 30 June 2005.

We now remove from this figure the $199,596. This will give us the increase in cash between 1 March 2005 and 30 June 2005 without the $756,297. Our answer is $204,585 ($404,181 – $199,596). This is exactly the figure we are looking for.

We have proved that the $756,297 was spent after 28 February 2005. That is, in the interval 1 March 2005 to 30 June 2005.

Step 5) Check for amortisation of establishment costs

The expenses for 2005 financial year are shown in the 2005 FR p 12.

	Notes	2005
2. EXPENSES		**$**
Amortisation of borrowing costs		67,049
Audit fees	16	4,675
Compliance committee costs		3,138
Custodian fees		18,750
Property expenses		993,506
Trust management fee		152,652
Interest incurred on subscriptions sums		5,832
Interest paid on borrowings		971,658
Asset Revaluation		1,523,647
Exit Fees		197,872
Other expenses		104,158
		4,042,937

There are no amounts shown for amortisation of establishment costs.
There were no capitalised establishment costs as at 31 December 2004 nor at 30 June 2005 nor was any amount capitalised for establishment costs over the interval 1 January 2005 to 30 June 2005.

Step 6) Capital Raising Costs

We now examine the $1,606,640 for 2005 and the $850,343 for 2004 shown at page 14 2005 FR for capital raising costs. What are these amounts for? Do we need to make an adjustment to Net Assets as at 28 February 2005 on account of these amounts?

These amounts are for PDS transaction costs, i.e. establishment costs.
The $1,606,640 is a cumulative amount. It is the sum of the 2005 figure of $756,297 + the 2004 amount of $850,343. $756,297 + $850,343 = $1,606,640

The $850,343 was directly taken off Unitholders funds as at 30 June 2004. This transaction was over and done with as at 30 June 2004. **Source** 2004 FR p 7. We do not take account of it again for the calculation of the A-IFRS figure as at 28 February 2005.

The sum of the 2004 figure and the 2005 figure (as at 30 June 2005) was $1,606,640. This is the cumulative amount. It was not capitalised as an asset. We do not take this figure into account for the calculation of the A-IFRS figure as at 28 February 2005. It is clearly not included in Other Assets of $970,000. Recall that the available balance was **$432,542 from p67.**

The $756,297 we have dealt with. We do not make an adjustment to Net Assets as at 28 February 2005 for the $756,297. It was not capitalised as an asset as at 28 February 2005. It was spent after 28 February 2005. It was taken off Unitholders Funds as at 30 June 2005. **Source:** 2006 FR p30 note 13 (a).

Step 7) We now examine the balance of Other Assets of $432,542 as at 28 February 2005, ($970,000 – $537,458). We want to know what it is comprised of. **It does not contain capitalised establishment costs**. But what is it comprised of? To make our comparison easier we exclude capitalised borrowing costs.

Balance Remaining in 'Other Assets' Excluding Capitalised Borrowing Costs

	30 June 2004 $	31 Dec 2004 $	28 Feb 2005 $	30 June 2005 $
Trade Receivables	570,338	77,881	na	120,893
Prepayments	29,636	na	na	84,835
Distributions in advance	36,077	126,532	na	nil
Accrued income	nil	nil	na	25,498
Deposit + AC	nil	308,787	nil	nil
TOTAL	636,051	513,200	432,542	231,226

Source: 2005 HY FR p 7, 2005 FR p 13, $432,542 derived from 1st PDS & FR's

The figures exclude capitalised borrowing costs to make our comparison easier.
AC = Acquisition Costs
na = not available

The $432,542 balance of Other Assets as at 28 February 2005 will be comprised of:
Trade Receivables
Prepayments
Distributions in Advance
Accrued Income

We don't have enough information to provide an accurate to the exact dollar figure for each of the items above. However, we can see the likely magnitude of the figures as at 28 February 2005 from the figures for the earlier periods of 31 December 2004 and 30 June 2004 together with the figures as at 30 June 2005.

However, we can say that there are no capitalised establishment costs. We have checked the Cash Flow Statement for 2005 for amounts that were not expensed that could have been establishment costs. There was only one – the $756,297 – which we have dealt with.

Step 8) **Check the A-IFRS Transition Table** – P19 2006 Financial Report

We check the Transition Table for the effect of A-IFRS on the 2005 figures for assets & liabilities – **shown at page 75 of this letter**. There are 2 effects shown.

1) $486,841 for capitalised borrowing costs
2) $131,205 for derivatives.

NOTE: THERE IS NOTHING IN THE TRANSITION TABLE ABOUT AN ADJUSTMENT FOR THE CONVERTIBLE DEBT.

We deal with the $486,841 at pages 74 & 75 and give reconciliations for the capitalised borrowing costs at page 68. The $131,205 we deal with at pages 76 to 85.
.

No effects are shown for capitalised establishment costs.

Conclusion on Establishment Costs:
There were no amounts for capitalised establishment costs in the Net Assets figure of $970,000 in the 1st PDS as at 28 February 2005.

An amount of $756,297 was spent on PDS costs after 28 February 2005.
It was **not capitalised** as an asset as at 28 February 2005.
It was taken off Unitholders' funds as at 30 June 2005.
It does not affect Unitholders' funds as at 28 February 2005.
We do not need to make an adjustment to Net Assets as at 28 February 2005 on account of the $756,297.

There are no other amounts for establishment costs that we need to consider as at 28 February 2005.

Therefore we do not take capitalised establishment costs into account for the calculation of the A-IFRS figure as at 28 February 2005.

CAPITALISED ESTABLISHMENT COSTS WERE NIL AS AT 28 FEBRUARY 2005.

2) CAPITALISED BORROWING COSTS

Capitalised borrowing costs were $537,458 as at 28 February 2005. This amount was included in other Assets of $970,000 in the PDS as at 28 February 2005.

An amount of $50,616 was amortised between 1 January 2005 and 30 June 2005, (proof provided at page 68 in this letter). This is legitimate under A-IFRS and we do not need to take account of it when calculating our A-IFRS figure as at 28 February 2005. An explanation is given at page 69 of this letter.

This brings the balance as at 30 June 2005 to $486,842 ($537,458 - $50,616).
The actual balance according to the Financial Reports was $486,841.
The $1 reconciliation difference will be caused by rounding.

The $486,841 was subsequently taken out of assets and treated as a negative liability as at 30 June 2005. **Therefore irrespective of whether the capitalised borrowing costs were for qualifying assets under A-IFRS or for non qualifying assets they were all capitalised and then treated as negative liabilities.**

There was no effect on Net Assets.

The Financial Report for 2006 p 22 note (g) (ii) advises:

(ii) At 30 June 2005

A decrease in other assets of $486,841 and a decrease in interest bearing liabilities of $486,841.

A snapshot of p 19 of the 2006 FR is shown on the next page which shows the $486,841 of capitalised borrowing costs being removed from assets and treated as a negative liability.

The net effect on Net Assets is nil.

CONCLUSION

We do not take capitalised borrowing costs into account when calculating the A-IFRS figure as at 28 February 2005 because there was no effect on Net Assets when A-IFRS was implemented as at 30 June 2005 AND borrowing costs on qualifying assets - office properties - can be capitalised under A-IFRS.

Here is the $486,841 of capitalised borrowing costs being taken out of assets.

Explanation of transition to AIFRS continued

(b) Reconciliation of equity reported under previous AGAAP to equity under AIFRS

At the end of the last annual reporting period under previous AGAAP: 30 June 2005

	Note	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
CURRENT ASSETS				
Cash and cash equivalents		891,288	-	891,288
Receivables		231,226	-	231,226
Other	(g)	112,337	(112,337)	-
TOTAL CURRENT ASSETS		1,234,851	(112,337)	1,122,514
NON-CURRENT ASSETS				
Investment properties		29,700,000	-	29,700,000
Receivables	(g)	374,504	(374,504)	-
TOTAL NON-CURRENT ASSETS		30,074,504	(374,504)	29,700,000
TOTAL ASSETS		31,309,355	(486,841)	30,822,514
CURRENT LIABILITIES				
Payables		669,930	-	669,930
TOTAL CURRENT LIABILITIES		669,930	-	669,930
NON-CURRENT LIABILITIES				
Payables		197,872	-	197,872
Interest bearing liabilities	(g)	21,585,000	(486,841)	21,098,159
Derivative financial instruments	(h)	-	131,205	131,205
TOTAL NON-CURRENT LIABILITIES		21,782,872	(355,636)	21,427,236
TOTAL LIABILITIES		22,452,802	(355,636)	22,097,166
NET ASSETS		8,856,553	(8,856,553)	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	(f), (h)	-	8,725,348	8,725,348
EQUITY				
Contributed equity	(f)	10,892,860	(10,892,860)	-
Accumulated losses	(f)	(2,036,307)	2,036,307	-
TOTAL EQUITY		8,856,553	(8,856,553)	-

Here is the $486,841 of capitalised borrowing costs being treated as a negative liability.

3) CHANGE IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

This is a theoretical effect that was not being used in the First PDS

The A-IFRS procedure was put back for the year ended 30 June 2005. A-IFRS Transition Tables were provided back to 1 July 2004. We now want to determine the change in fair value as at 28 February 2005. To do this we calculate the accrued liability amount from the date of drawdown, 24 January 2005 of the loan, \$8.50 million, for the purchase of the 2nd property, to 28 February 2005. The \$8.50mn was shown as \$8.58mn in the FR. I have used the PDS figure of \$8.50mn.

There was also an additional amount of \$2.16 million that was hedged. This was for the debt from Westpac due in October 2005. It was shown as \$3.20mn in the 1st PDS at page 6 as at 28 February 2005 and as \$1.04mn as at 30 June 2005 at note 9 page 14 of the 2005 FR. The \$1.04mn was described as ‘residual’. The ‘residue’, \$2.16mn was hedged, (\$3.20 – \$1.04) and this agrees with the 2006 FR (\$8.5mn + \$2.16mn) as shown in the next paragraph. It was due for payment in October 2005. We can estimate the date of drawdown as 16 April 2005, **which I explain on page 79. It is clearly after 28 February 2005.**

Total Amount Shown as Hedged

The **2006 Financial Report** p25 shows \$10.660 million (\$8.5mn + \$2.16mn) hedged as at 30 June 2005. This generated an accrued liability amount as at 30 June 2005 of \$131,205. **See p’s 77 – 82.**

The \$131,205 was not raised in the original 2005 Financial Report.

NOTE: There is considerable variation in the accrued amounts:

30 June 2005	liability	\$131,205	**Source:** 2006 FR p11 & note 8 p25
31 December 2005	liability	\$67,282	**Source:** 2006 HY FR p5
30 June 2006	asset	\$85,143	**Source:** 2006 FR p11 & note 8 p25

Accrued Liability Effect – 1/2 a cent

I have determined a theoretical accrued liability effect – had the procedure on account of A-IFRS been in the Fund for the year ended 30 June 2005 – of 1/2 a cent on the A-IFRS figure as at 28 February 2005.

Settlement of the Interest Rate Swap Contracts

The amount is recognised on a net basis for the interest rate swap contracts **each quarter. The actual settlement dates during the quarter coincide with the dates on which interest is payable on the underlying debt.**

WHAT ARE THE INTEREST RATE SWAP CONTRACTS FOR?

The liability of $131,205 that was raised as at 30 June 2005 as a result of the effect of A-IFRS on the interest swap contracts refers to:

1) The borrowing for the 2nd property of $8.5mn.
2) The $2.16 million 'residue' Westpac debt payable in October 2005. See p76.
   The swap came into being after 28 February 2005 but before 30 June 2005. I have estimated the date as 16 April 2005.

The borrowing for the 1st property - $7.340mn falling to $6.925mn (2005 HY FR p 7) - was a fixed rate loan. The effect of A-IFRS on the hedging was nil as the adjustment amount shown as at 1 July 2004 was nil. **Source** 2006 FR p 22.

Note 2 (h) 2006 FR p 22

(h) Notes to the reconciliations - Derivative Financial Instruments

Under AASB 139: Financial Instruments: Recognition and Measurement, the fair values of all derivative financial instruments outstanding at the balance sheet date are required to be recognised in the balance sheet as either assets or liabilities. As the directors of the Responsible Entity have decided not to follow the requirements of AASB 139 in order to classify the interest rate swaps as cash flow hedges, the changes in the fair value of the derivative financial instruments are recognised immediately in the income statement. The effect of this is as follows:

(i) At 1 July 2004

Nil impact.

(ii) At 30 June 2005

An increase in derivative financial liabilities by $131,205 and a decrease in net assets attributable to unitholders by $131,205.

(iii) For the year ended 30 June 2005

An increase in expenses by $131,205.

Tracking the Changes in the Fair Value of the Interest Rate Swap Contracts

1 July 2004	balance	nil		
31 Dec 2004	balance	nil		
30 June 2005	balance	$131,205	liability	
1/7/05 - 31/12/ 05	net interest received $63,923			
31 Dec 2005	balance	$67,282	liability	
1/1/06 - 30/6/06	net interest received	$152,425		($216,348 - $63,923)
30 June 2006	balance	$85,143	asset	($152,425 - $67,282)

2006 FR p 25

(i) Interest rate swap contracts

Interest-bearing liabilities of the Consolidated Entity currently carry a weighted average effective interest rate of 4.85% (2005: 6.72%). It is policy to protect part of the loans and bills from exposure to increasing interest rates. Accordingly, the Consolidated Entity has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 14.2% (2005: 49.4%) of the loan and bill principal outstanding and are timed to expire as each loan and bill repayment falls due. The fixed interest rate is 5.82%.

At 30 June 2006, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

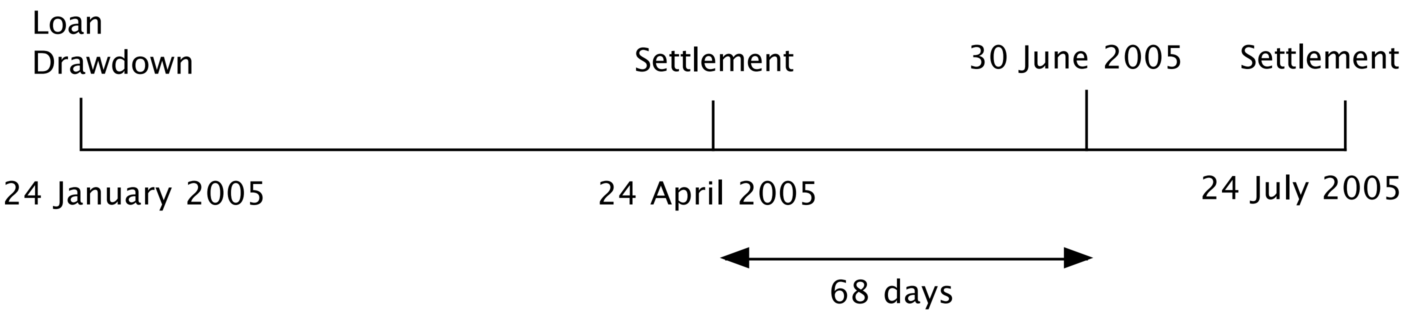
	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
3 - 4 years	8,580,000	10,660,000	8,580,000	10,660,000

The contracts require settlement of net interest receivable or payable each quarter. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

As explained in Note 1(c), the interest rate swaps have not been designated as hedges for accounting purposes and hence all changes in fair value are recognised immediately in the income statement.

The $8.5mn Swap Contract – Loan Drawdown 24 January 2005

Fixed interest rate 6.65% (1st PDS p5) – payable, variable interest rates – receivable.
The weighted average fixed interest rate was 6.75% as at 30 June 2005.
Source: 2005 FR p17.
The 2006 FR shows the weighted average fixed interest rate as 6.72% for 2005.
BUT the 2005 FR gives a figure of 6.75%.



Number of days

April – 24 April to 30 April inclusive	7 days
May	31 days
June	30 days
Total	68 days

The $2.16mn Swap Contract

As noted earlier it was for the ‘residue’ Westpac debt.
The $3.20mn, 1st PDS page 6 as at 7 April 2005, gives 6.88% variable interest.
Note: we do not know the actual variable interest rate in the swap contract.

The non swap amount was $1.04mn as at 30 June 2005 at note 9 page 14 of the 2005 FR. **Therefore the swap contract came into being after 28 February 2005 BUT before 30 June 2005.**

The debt was due for payment in October 2005

WE NEED TO ESTIMATE A DRAWDOWN DATE.

Assumption: due for payment on 16 October 2005 – half way during the month.
We check if the 16th is halfway.
We know October has 31 days – half of this would be 15.5 days.
Now from 16 October to 31 October inclusive is 16 days.
And 1 October to 15 October inclusive is 15 days.
In view of the fact that we round up we round the 15.5 to 16.0.
Accordingly we say that 16 October 2005 is half way.

The choice of this date is a reasonable one in view of the distribution of our expected error.

We now count back from this date on a quarterly basis.
16 October 2005, 16 July 2005, 16 April 2005. If we go back another 3 months we have 16 January 2005 – this is past 28 February 2005. Therefore we STOP AT 16 APRIL 2005.

Number of days	
April – 16 April to 30 April inclusive	15 days
May	31 days
June	30 days
Total	76 days

Calculation of the Accrued Liability Amount as at 28 February 2005

Methodology
For the $8.5mn swap contract the fixed interest rate was 6.65%. We don't know the variable interest rate receivable over the period 24 April to 30 June 2005. The fixed rate went up to 6.75% as at 24 April 2005. **We deduce this from the data.**

For the $2.16mn swap contract we assume the fixed interest rate is the same as for the $8.5mn swap contract as 16 April 2005 is only 8 days before 24 April 2005. We do not know know the variable interest rate in the swap contract.

The simplest methodology is to use the number of days, the known figure of $131,205 and proportions AND adjust for changes in the variable interest rate receivable and the fixed interest rate payable. **We can calculate an interest rate adjustment factor to use as a result of the change in the net interest rate receivable – which was 0.15%.**

We check the Cash Rate over the period 24 January 2005 to 28 February 2005 with that in force over the period 24 April 2005 to 23 July 2005.

Cash Rate Decisions – Source RBA website
http://www.rba.gov.au/statistics/cash-rate/

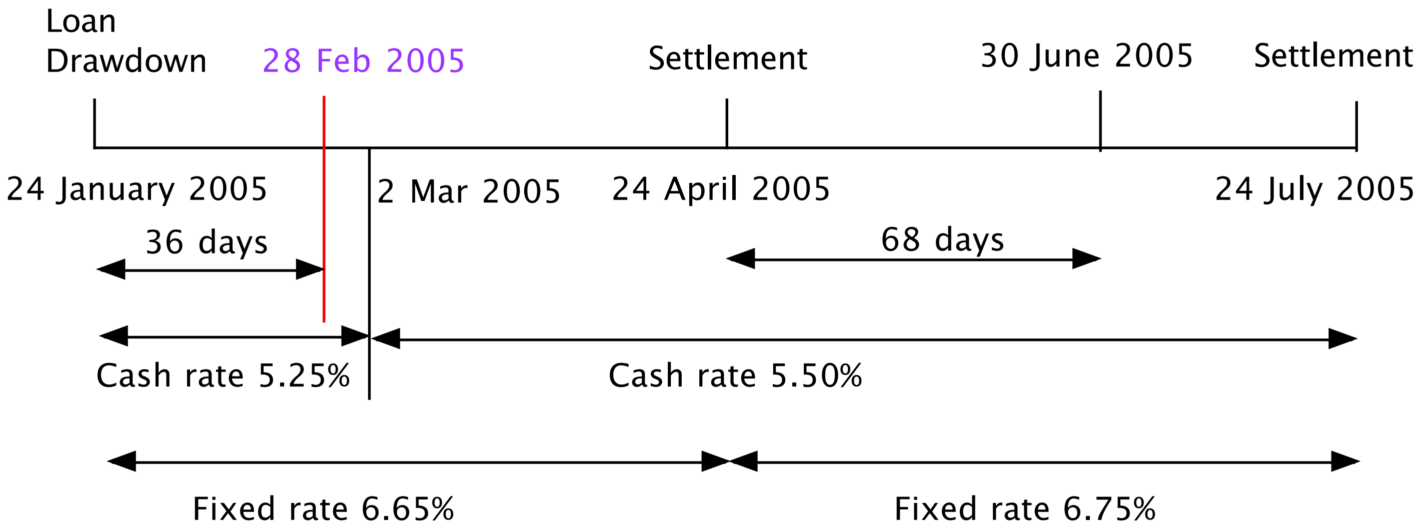
2 February 2005	5.25%	
2 Mar 2005	5.50%	**IT HAS GONE UP 0.25%**
6 Apr 2005	5.50%	
4 May 2005	5.50%	
8 Jun 2005	5.50%	
6 July 2005	5.50%	
3 Aug 2005	5.50%	
7 Sept 2005	5.50%	
5 Oct 2005	5.50%	

The rise in the cash rate of 0.25% affects the calculation of the accrued liability amount as at 28 february 2005 – because we are using the later period, from 24 April 2005 to 30 June 2005, as the base for our estimation procedure.

The fixed interest rates are shown as having gone up to 6.75%. Source: 2005 FR p17. We deduce this occurred from the settlement date of 24 April 2005 for the $8.5mn and from 16 April 2005 for the $2.16mn swap contract.

WHAT WE DO
We take account of the 0.25% increase in the variable rates for our calculation of the accrued liability amount and the increase in the fixed interest rate of 0.10%. The net effect is 0.15%.

The Calculation of the Accrued Liability Amount 24 January 2005 to 28 February 2005



We Deduce

1) For the \$8.5mn swap contract the fixed rate increase was implemented from 24 April 2005. That was the date of settlement of the \$8.5mn swap contract. The rate was 6.75% as at 30 June 2005 and 6.65% as at 28 February 2005.
2) For the \$2.16mn swap contract we assume the fixed rate is the same as in the \$8.5mn swap, as 16 April 2005 is only 8 days before 24 April 2005.
2) Variable interest rates increase from 2 March 2005, although there could have been a lag of a few days or so.

We now want to estimate an interest rate adjustment factor to use for the period 24 January 2005 to 28 February 2005. To do this we examine the effect of the change in interest rates for the later period of 24 April 2005 to 30 June 2005 on the \$8.5mn swap contract + the \$2.16mn swap contract for the period 16 April 2005 to 30 June 2005. This is equivalent to 68 days for \$10.914mn. **I prove this on page 82.**

We assume the \$2.16mn has the same interest rates – fixed and variable – as the \$8.50mn. A very reasonable assumption as it came into being only 8 days before the settlement date of 24 April 2005 for the \$8.5mn.

With regard to the \$131,205 we have:
For 68 days the fixed interest rate has gone up 0.10%
For 68 days the variable interest rate has gone up 0.25%

This is a net effect of 0.15% for 68 days in respect of \$10.914mn in terms of net interest receivable. The liability will have been reduced compared to what it would have been. **The ratio of what the amount would have been without the 0.15% compared to the \$131,205 is 1.02325. See page 82.**

Derived as: $\frac{\$131{,}205 - (-0.15\% \times \$10.914mn \times (68/365)}{\$131{,}205} = 1.02325$

Accordingly we need to adjust our figure UP for the period 24 January 2005 to 28 February by a factor – 1.02325 – because the differential between the fixed and variable rates (using the cash rate as our guide) is 0.15% less in the period 24 January 2005 to 28 February 2005 compared to the period 24 April 2005 to 30 June 2005. Accordingly, we will be worse off in the earlier period and so **we need to factor UP our estimated figure since we are using the later period as the base for our estimation procedure.** The proportional differential between 8.5 and 10.914 we take account of at Step 5 below.

Step 1) Set out the situation

A) Effect of $8.5mn swap contract	68 days	these 2 effects give
B) Effect of $2.16mn swap contract	76 days	$131,205

Step 2) This equals effect of: $10.660mn for 68 days + $2.16mn for 8 days

Step 3) This is equivalent to $10.914mn for 68 days

Proof: 10.660 x 68 = 724.88
2.16 x 8 = 17.28
Total = 742.16

10.914 x 68 = 742.15 rounding error

Step 4) Apply the proportional number of days
24 January 2005 to 28 February 2005 = 36 days

36/68 x $131,205 = $69,461

Step 5) Apply the proportional swap contract amount

($8.5mn/$10.914mn) x $69,461 = $54,097 We have explained why it is $10.914.

Step 6) Apply the interest rate adjustment factor of 1.02325

1.02325 x $54,097 = $55,355

OUR ESTIMATE

$55,355 OR 1/2 A CENT $55,355/10.667mn = 0.519 cents

Note 1 (c) continued – 2006 FR p 16

Derivative Financial Instruments

The Consolidated Entity uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. The significant interest rate risk arises from bank loans. The Consolidated Entity's policy is to convert a proportion of its floating rate debt to fixed rates by entering into interest rate swaps. The Consolidated Entity does not use derivative financial instruments for speculative purposes.

The fair value of all derivative financial instruments outstanding at the balance sheet date is recognised in the balance sheet as either assets or liabilities.

The Directors of the Responsible Entity have decided not to follow the requirements of AASB 139: Financial Instruments: Recognition and Measurement to classify the interest rate swaps as cash flow hedges and accordingly these are classified as at fair value through profit or loss (classified as held for trading), and the changes in the fair value of the derivative financial instruments are recognised immediately in the income statement.

Note 1 (i) *(i)* – 2006 FR p 17

(ii) Critical Judgments in Applying the Accounting Policies – Interest Rate Swaps

The Consolidated Entity follows the guidance in AASB 139 in accounting for interest rate swaps as at fair value through profit or loss (classified as held for trading). All the interest rate swaps are entered into to hedge interest rate risks by converting floating rate debt to fixed interest rates. The Directors of the Responsible Entity have decided not to follow the onerous documentation and other requirements of AASB 139 that are necessary in order to classify the interest rate swaps as cash flow hedges.

2006 FR p25

Notes to the Financial Statements

For the Year Ended 30 June 2006

Derivative Financial Instruments

		Consolidated		Parent	
		2006	2005	2006	2005
	Note	$	$	$	$
NON-CURRENT ASSETS					
- Interest rate swaps	(i)	85,143	-	85,143	-

		Consolidated		Parent	
		2006	2005	2006	2005
	Note	$	$	$	$
NON-CURRENT LIABLITIES					
- Interest rate swaps	(i)	-	131,205	-	131,205

The Consolidated Entity utilises derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates.

(i) Interest rate swap contracts

The 2005 FR gives a figure of 6.75%, 2004 6.12%. See p85.

Interest-bearing liabilities of the Consolidated Entity currently carry a weighted average effective interest rate of 4.85% (2005: 6.72%). It is policy to protect part of the loans and bills from exposure to increasing interest rates. Accordingly, the Consolidated Entity has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 14.2% (2005: 49.4%) of the loan and bill principal outstanding and are timed to expire as each loan and bill repayment falls due. The fixed interest rate is 5.82%.

2006 swap fixed interest

At 30 June 2006, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
3 - 4 years	8,580,000	10,660,000	8,580,000	10,660,000

The contracts require settlement of net interest receivable or payable each quarter. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

As explained in Note 1(c), the interest rate swaps have not been designated as hedges for accounting purposes and hence all changes in fair value are recognised immediately in the income statement.

2005 FR p17

a) Interest Rate Risk

The Trust's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

2005	*Fixed Interest Rate* $	*Floating Interest Rate* $	*Non-Interest Bearing* $	*Total* $	*Weighted Average Interest Rate* %
Financial Assets					
Cash		891,288		891,288	3.82%
Receivables			231,226	231,226	0%
Financial Liabilities					
Trade creditors and accruals			669,930	669,930	0%
Interest bearing liabilities	21,585,000			21,585,000	6.75%

2004	*Fixed Interest Rate* $	*Floating Interest Rate* $	*Non-Interest Bearing* $	*Total* $	*Weighted Average Interest Rate* %
Financial Assets					
Cash		484,653		484,653	0%
Receivables			599,974	599,974	0%
Financial Liabilities					
Trade creditors and accruals			75,264	75,264	0%
Interest bearing liabilities	7,340,000			7,340,000	6.12%

First PDS p5

Financier	CBA	Westpac	Total
Fixed/hedged to	Jul 2006	Jan 2010	
Fixed/hedged amount	$6.925m	$8.50m	$15.42m
Fixed/hedged interest rate p.a. (inclusive of margin)	6.75%	6.65%	6.71%[1]

1. Weighted average interest rate per annum

2004 FR p 12

9. INTEREST BEARING LIABILTIES

Non Current

Loan due to Commonwealth Bank of Australia 7,340,000

The loan is an interest only fully drawn fixed rate cash advance facility at a weighted average interest rate of 5.91% expiring on 13 July 2006. The loan is a limited recourse facility secured by a registered first mortgage over the freehold investment property of the Trust. The financier's ability to recover funds is limited to the mortgaged property.

4) CAPITALISED ACQUISITION COSTS

Under A-IFRS capitalised acquisition costs must be removed from the property values. These were put through as changes in fair value in the Statement of Financial Performance.

The amounts that need to be taken off the property values are:
Using the PDS $1.50 million $30.950mn - $29.450mn.

Using the 2005 FR $1,523,647. See page 71 of this letter where the expenses for 2005 are shown.

The reason there is a difference between the $1.50 million and the $1,523,647 is due a rounding of the figure for property in the PDS of $23,647 compared to the Financial Report.

To maintain consistency we will need to use the PDS figure of $1.50 million as we are working with the Net Assets figure in the PDS as at 28 February 2005.

These capitalised acquisition costs have to be removed from the property values. **Net Assets is affected by the change.**

The amount per unit is 14.1 cents. $1.5mn/10.667mn
where 10.667mn is the number of units on issue as at 28 february 2005.

5) OTHER EFFECTS

A-IFRS Transition Table

The First PDS at page 35 advises that there may be other effects of A-IFRS on the Fund. If there were any they will be identified in the 2006 FR. It shows the effect of the transition to A-IFRS for the year ended 30 June 2005. Transition Tables are provided back to 1 July 2004.

I have looked carefully through the 2006 FR many times and the HY 2006 FR. There is nothing there I have not taken account of.

The PDS costs of $756,297, which we found in the Cash Flow Statement, we have dealt with.

Operating Leases

In the Financial Report the difference between lease income recognised and actual lease payments has been included in receivables (2006 FR p 15, note 1 (b)). At page 75 of this letter I have the relevant Transition Table for the Statement of Financial Position for 2005.

You can see from the Table on page 75 that under A-IFRS the figure of $231,226 for Current Receivables was not affected by A-IFRS.

For Non Current Receivables you can see that an amount of $374,504 has gone to zero under A-IFRS. However, this amount has been treated as a negative liability. The $374,504 is included in the $486,841 of borrowing costs, ($374,504 + $112,337 = $486,841). Therefore there is no effect on Net Assets.

The wording 'Receivables' in Non Current Assets is a mistake.
The wording should say 'Capitalised Borrowing Costs'. The 2005 FR p 8 shows the $374,504 as Capitalised Borrowing Costs not as Receivables.

CONCLUSION

THERE WAS NO EFFECT ON NET ASSETS AS AT 28 FEBRUARY 2005 ON ACCOUNT OF A-IFRS FOR OPERATING LEASES.

THERE ARE NO OTHER EFFECTS WE NEED TO TAKE ACCOUNT OF FOR THE CALCULATION OF THE A-IFRS FIGURE AS AT 28 FEBRUARY 2005.

6) 2.4 CENTS ADJUSTMENT FOR ALLIANZ HOUSE

The FSP did increase the value under **A-IFRS fair value valuation as at 30 June 2005 to $29.700mn.**

7. INVESTMENT PROPERTIES	2005 $	2004 $
Property at cost	-	14,597,905
Property at Fair Value	29,700,000	-
	29,700,000	14,597,905

An independent valuation of the properties was carried out at year end on a Fair Value basis by Richard R Wood AAPI, from Colliers International Consultancy and Valuation Pty Ltd.

Source: 2005 FR Note 7 p13

The purchase cost of the 2 properties was $29.450mn
($13.850mn + $15.600mn) **Source:** 1st PDS p 7

All of this $250,000 increase ($29.700mn – $29.450mn) is attributable to Allianz House. It is an increase in the capital value.

The Cash Flow Statement for 2005 shows $16,625,742 spent on Property Plant and Equipment. SEE PAGE 71. LESS the capitalised acquisition costs for Allianz House, $775,742 = 15,850,000 This means an additional $250,000 was spent on the capital value of Allianz House.

What Fair Value A-IFRS Figure Should we Use for Allianz House as at 28 February 2005?

Allianz House

1) FSP's fair representation of value as at 28 Feb 2005, $16.350mn: LESS Acquisition costs of $0.750mn = $15.600mn. **There is a problem with this.**
2) Fair value valuation as at 30 June 2005 $15.850mn

Option 1) $16.350mn less $0.750mn Acquisition costs = $15,600
The FSP had the fair representation of the value as $16.350mn as at 7 April 2005. and as at 28 February 2005. This is not on a fair value basis. **The problem is: we don't know what the fair value will be if we exclude the acquisition costs.**

Option 2) $15.850mn – which is the fair value A-IFRS figure as at 30 June 2005. Theoretically, on the basis of the notion of 'Fair Value' – which is the A-IFRS basis – we should use the $15.850mn figure as it was the fair value A-IFRS figure. The additional $250,000 was included in the acquisition expenditure for Allianz House as can be seen from the Cash Flow Statement.

Note: there are 2 reconciliation errors between the PDS and the 2006 FR.
A) $23,647 B) $2,095 SUM = $25,742. Now add $25,742 to $750,000 = $775,742. Reconciles to 2006 FR p10.

Snapshot from my letter of 18 April 2016 to FOS.

MAKING DECISIONS, OG – 1 May 2012 page 75
FOS is committed to affording procedural fairness and expects parties to cooperate with FOS's efforts to ensure Disputes are resolved fairly. Openness in decision making is one element of fairness. As a general rule, FOS cannot use information withheld from a party to reach a decision adverse to that party. This rule does not apply in "special circumstances" where there is a compelling reason to depart from the general rule.

FOS was not a party to the dispute. "Special circumstances" did not apply. There was no, *'compelling reason'*.

Advice that the 55 cents was wrong – which FOS accepted – should have been sent to the Applicant and the FSP. **This was withheld. Breached the TOR.**

FOS also withheld that the 55 cents could not be relied on – it breached the Corporations Act and the TOR.

A decision was made that was adverse to the Applicant using a figure that broke the Law. I have noted the second element in the Decision – that I failed to establish the 78.1 cents. I have addressed that issue together with the Determination in the round.

Yours faithfully,

Terrence Digwood

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