

## **Centuria Capital Group Financial Report for the year ended 30 June 2021**

Centuria Capital Group comprises of Centuria Capital Limited ABN 22 095 454 336 (the 'Company') and its subsidiaries and Centuria Capital Fund ARSN 613 856 358 ('CCF') and its subsidiaries. The Responsible Entity of CCF is Centuria Funds Management Limited ACN 607 153 588, AFSL 479 873, a wholly owned subsidiary of the Company.

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These consolidated financial statements are the financial statements of the consolidated entity consisting of Centuria Capital Limited and its subsidiaries. A list of all subsidiaries is included in note E3. The consolidated financial statements are presented in Australian currency.

Centuria Capital Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Centuria Capital Limited  
Level 41, Chifley Tower, 2 Chifley Square  
Sydney NSW 2000

The consolidated financial statements were authorised for issue by the Directors on 11 August 2021.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholder Centre on our website: [www.centuria.com.au](http://www.centuria.com.au)

## Directors' report

The directors of Centuria Capital Limited (the 'Company') present their report together with the consolidated financial statements of the Company and its controlled entities (the 'Group') for the financial year ended 30 June 2021 and the auditor's report thereon.

ASX listed Centuria Capital Group consists of the Company and its controlled entities including Centuria Capital Fund ('CCF'). The shares in the Company and the units in CCF are stapled, quoted and traded on the Australian Securities Exchange ('ASX') as if they were a single security under the ticker code 'CNI'.

### Directors and directors' interests

Directors of Centuria Capital Limited during or since the end of the financial year are:

Name	Appointed	Directorship of other listed entities	Resigned
Mr Garry Charny	23 February 2016	None	
Mr Peter J. Done	28 November 2007	Centuria Industrial REIT (CIP) (i) Centuria Office REIT (COF) (ii)	
Mr John R. Slater	22 May 2013	None	
Ms Susan Wheeldon	31 August 2016	None	
Ms Kristie Brown	15 February 2021	None	
Mr Nicholas Collishaw	27 August 2013	Centuria Industrial REIT (CIP) (i) Centuria Office REIT (COF) (ii) Redcape Hotel Group (RDC) (iii)	
Mr John E. McBain	10 December 2006	None	
Mr Jason C. Huljich	28 November 2007	None	
Mr Wee Peng Cho	15 February 2021	None	1 April 2021

(i) Director of Centuria Property Funds No. 2 Limited as responsible entity for Centuria Industrial REIT

(ii) Director of Centuria Property Funds Limited as responsible entity for Centuria Office REIT

(iii) Director of Redcape Hotel Group Management Limited as responsible entity for Redcape Hotel Trust 1 and Redcape Hotel Trust 2

<b>Mr Garry S. Charny, BA. LL.B. Independent Non-Executive Director and Chairman</b>		
Experience and expertise	<p>Garry was appointed to the Board on 23 February 2016 and appointed Chairman of Centuria Capital Group on 30 March 2016. Garry is also Chairman of Centuria Life Limited and Over Fifty Guardian Friendly Society Limited.</p> <p>He is Managing Director and founding principal of Wolseley Corporate, an Australian based corporate advisory and investment house which transacts both domestically and internationally.</p> <p>He has significant, board-level experience in listed and unlisted companies across a diverse range of sectors including property, retail, technology and media. He formerly practised as a barrister in the fields of commercial and equity.</p>	
Other directorships	Garry is Chairman of Wolseley Corporate. He is also Chairman of Spotted Turquoise Films, an international Film and Television company based in Sydney and Los Angeles. He is Chairman of Shero Investments, a Sydney based investment company.	
Responsibilities	<p>Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Conflicts Committee (stepped down as Chairman on 1 May 2021)</p> <p>Chairman of the Nomination and Remuneration Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk Management and Compliance Committee</p> <p>Chairman of the Centuria Life Limited Board</p> <p>Member of the Centuria Life Limited Audit Committee</p> <p>Member of the Centuria Life Limited Risk and Compliance Committee</p> <p>Chairman of the Centuria Healthcare Pty Limited Board</p> <p>Chairman of the Over Fifties Guardian Friendly Society Limited Board</p> <p>Member of the Over Fifties Guardian Friendly Society Limited Audit Committee</p> <p>Member of the Over Fifties Guardian Friendly Society Limited Risk and Compliance Committee</p>	
Interests in CNI	Ordinary stapled securities	406,753

Directors and directors' interests (continued)

<b>Mr Peter J. Done, B.Comm, FCA. <i>Independent Non-Executive Director</i></b>		
Experience and expertise	<p>Peter was appointed to the Board on 28 November 2007. Peter was a Partner at KPMG for 27 years until his retirement in June 2006.</p> <p>He has extensive knowledge in accounting, audit and financial management in the property development and financial services industries, corporate governance, regulatory issues and Board processes through his many senior roles.</p>	
Other directorships	None	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Nomination and Remuneration Committee</p> <p>Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk Management and Compliance Committee</p> <p>Member of the Centuria Life Limited Board</p> <p>Chairman of the Centuria Life Limited Audit Committee</p> <p>Chairman of the Centuria Life Limited Risk and Compliance Committee</p> <p>Member of the Centuria Life Limited Investment Committee</p> <p>Member of the Centuria Property Funds Limited Board (stepped down as Chairman on 1 June 2021)</p> <p>Member of the Centuria Property Funds Limited Audit, Risk Management and Compliance Committee (stepped down as Chairman on 1 June 2021)</p> <p>Member of the Centuria Property Funds No. 2 Limited Board (stepped down as Chairman on 29 July 2020)</p> <p>Member of the Centuria Property Funds No. 2 Limited Audit, Risk Management and Compliance Committee (stepped down as Chairman on 29 July 2020)</p> <p>Member of the Over Fifties Guardian Friendly Society Limited Board</p> <p>Chairman of the Over Fifties Guardian Friendly Society Limited Audit Committee</p> <p>Chairman of the Over Fifties Guardian Friendly Society Limited Risk and Compliance Committee</p>	
Interests in CNI	Ordinary stapled securities	1,506,182
<b>Mr John R. Slater, Dip.FS (FP), F Fin. <i>Independent Non-Executive Director</i></b>		
Experience and expertise	<p>John was appointed to the Board on 22 May 2013 having previously been an adviser to the Centuria Life Friendly Society since 2011.</p> <p>John was a senior executive at KPMG Financial Services prior to establishing a financial advisory practise. Since its acquisition he has focused on consulting activities and he has been a Board Member of Centuria Capital Limited since 2016. He also serves on the Nominations and Remuneration Committee</p> <p>John has deep experience in all financial market sectors gained over a 35 year career. He serves on the Investment Committees of Centuria Life and the Over Fifty Guardian Friendly Society and continues to be active in Investment Committee activities other non-aligned financial group's.</p>	
Other directorships	None	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Nomination and Remuneration Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk Management and Compliance Committee</p> <p>Member of the Centuria Life Limited Board</p> <p>Chairman of the Centuria Life Limited Investment Committee</p> <p>Member of the Over Fifties Guardian Friendly Society Limited Investment Committee</p>	
Interests in CNI	Ordinary stapled securities	3,110,677

Directors and directors' interests (continued)

<b>Ms Susan Wheeldon, MBA. <i>Independent Non-Executive Director</i></b>		
Experience and expertise	<p>Susan was appointed to the Board on 31 August 2016.</p> <p>Susan is Country Manager for Australia and New Zealand at Airbnb. Previously, she served in a number of roles, including Head of Government &amp; Performance and Head of Agency at Google, working with major national and global companies to develop and deliver growth strategies that future-proof and build clients' businesses and brands in a constantly changing environment.</p> <p>She has previous experience in retail property asset management at AMP Capital Shopping Centres, as Head of Brand &amp; Retail, responsible for delivering alternative revenue from 38 retail assets across Australia and New Zealand with combined annual sales in excess of \$5 billion.</p>	
Other directorships	None	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Conflicts Committee</p> <p>Chairman of the Culture, People and ESG Committee</p> <p>Member of the Centuria Life Limited Board (resigned on 28 July 2020)</p>	
Interests in CNI	Ordinary stapled securities	nil

<b>Ms Kristie Brown, B. Comm, B. Law (Hons), <i>Independent Non-Executive Director</i></b>		
Experience and expertise	<p>Kristie Brown is an experienced real estate investment and legal professional who joins the Centuria Board as an Independent Non-Executive Director as well as a member of the Group's Audit, Risk and Compliance Committee (ARCC). Ms Brown is a founding partner of investment firm, Couloir Capital, and established Danube View Investments following 16 years at blue-chip law firms.</p>	
Other directorships	Director of Couloir Capital	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk Management and Compliance Committee</p>	
Interests in CNI	Ordinary stapled securities	nil

Directors and directors' interests (continued)

<b>Mr Nicholas R. Collishaw</b> , SAFin, FAAP, FRICS, <i>Non-Executive Director</i>		
Experience and expertise	<p>Nicholas has been a Non-Executive Director of Centuria Capital Group since October 2017. Previously he was Centuria Capital's CEO of Listed Property Funds, joining in May 2013. Nicholas brings to the Boards more than 30 years experience across domestic and international real estate and investment markets.</p> <p>Between 2005 and 2008, he was Mirvac Group's Executive Director, Investment. Between 2008 and 2012, he was Mirvac Group's CEO, responsible for successfully guiding the real estate development and investment company through the Global Financial Crisis and implementing sustained growth strategies.</p> <p>Nicholas has held senior positions with James Fielding Group, Paladin Australia, Schroders Australia and Deutsche Asset Management. He has extensive experience in all major real estate markets in Australia and investment markets in the United States, United Kingdom and the Middle East.</p>	
Other directorships	Chairman of Redcape Hotel Group Management Ltd	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Culture, People and ESG Committee</p> <p>Member of the Centuria Property Funds Limited Board</p> <p>Member of the Centuria Property Funds No. 2 Limited Board</p> <p>Member of the Centuria Healthcare Asset Management Limited Board</p>	
Interests in CNI	Ordinary stapled securities	4,360,037

Directors and directors' interests (continued)

<b>Mr John E. McBain</b> , Dip. Urban Valuation, <i>Executive Director and Joint Chief Executive Officer</i>		
Experience and expertise	<p>Joint CEO John McBain's 40-year real estate career in both Australasia and the UK spans the commercial and industrial markets and more latterly the healthcare and agriculture real estate sectors.</p> <p>He is an executive director of Centuria Capital Limited, Centuria Life Limited, Centuria Healthcare Limited and Primewest Management Limited and a non-executive director of Centuria Bass Credit Limited and NZX listed Asset Plus Limited (NZ). He is an alternate director of Centuria Funds Management (NZ) and Augusta Industrial Fund Limited (NZ). He also serves on the Centuria Life Investment committee.</p> <p>John and Jason founded Centuria Capital together and the group now oversees \$17 billion of assets under management including four separate publicly listed vehicles and 300 staff throughout Sydney, Melbourne, Brisbane, and Manila.</p> <p>John is chiefly responsible for Centuria's corporate team including corporate acquisitions and mergers. His responsibilities include corporate strategy as well as leadership of the Finance, Company Secretarial, Compliance and Governance, Corporate Investor Relations, Marketing, Communications and Centuria Life teams who report directly to him. He jointly steers the Senior Executive Committee and serves on the Sustainability and Non-Financial Risks Committees.</p> <p>Since 2007, John has been instrumental in the integration of several businesses into the Centuria group, including the 360 Capital Group (2016), a majority interest in Heathley Asset Management (now Centuria Healthcare) (2019), New Zealand-based Augusta Capital Limited (2020) and Primewest Group (2021).</p> <p>This corporate acquisition strategy together with a highly successful asset acquisition and funds management programme overseen by fellow CEO Jason Hujich has seen the pair oversee significant growth in both company size and shareholder returns culminating in Centuria Capital Limited entering the S&amp;P ASX 200 Index in July 2021.</p> <p>He has a property valuation qualification from The University of Auckland.</p>	
Other directorships	None	
Responsibilities	Group Joint Chief Executive Officer	
Interests in CNI	Ordinary stapled securities	7,062,484
	Performance rights granted	2,298,002

Directors and directors' interests (continued)

<b>Mr Jason C. Huljich, B. Comm. Executive Director and Joint Chief Executive Officer</b>		
Experience and expertise	<p>Joint CEO Jason Huljich's 25-year real estate career spans the commercial and industrial real estate sectors. He co-founded Centuria Capital, with Joint CEO, John McBain.</p> <p>He is an executive director of Centuria Capital Group, Centuria Life Limited, Centuria Healthcare Limited, Centuria Healthcare Asset Management Limited, Primewest Management Limited, Centuria Capital (NZ) No. 1 Limited, Centuria Funds Management (NZ) Limited and Augusta Industrial Fund Limited. He is a non-executive director of Centuria Bass Credit Limited.</p> <p>Jason shares the helm of Centuria with John, collectively overseeing more than \$16 billion of assets under management and c.300 staff throughout Australia, New Zealand and the Philippines.</p> <p>Jason is chiefly responsible for the company's real estate portfolio and funds management operations including the listed Centuria Industrial REIT (ASX: CIP) and Centuria Office REIT (ASX: COF), as well as Centuria's extensive range of unlisted funds across Australia and New Zealand. Several unlisted funds regularly feature in the Top 10 Performing Core Funds in the Property Council of Australia / MSCI Australia Unlisted Retail Quarterly Property Funds Index.</p> <p>Since Centuria was established, Jason has been pivotal in raising over \$5 billion for the listed and unlisted vehicles. He has been central to positioning Centuria as Australia's fourth largest external manager. Centuria Capital Group (CNI) and CIP are part of the S&amp;P/ASX 200 Index and CIP is also part of the FTSE EPRA Nareit Global Index. COF is part of the S&amp;P/ ASX 300 Index.</p> <p>Jason has a hands-on approach to the real estate operations throughout the company's platform. The Transactions, Development, Funds Management, Distribution and Asset Management teams all report directly to him.</p> <p>Jason's career began after graduating with a Bachelor of Commerce (Commercial Law major) from the University of Auckland. He is a Property Funds Association of Australia Past President. The PFA is the peak industry body representing the \$125 billion direct property investment industry. Jason currently sits on the Property Council of Australia's Global Investment Committee.</p>	
Other directorships	None	
Responsibilities	Group Joint Chief Executive Officer	
Interests in CNI	Ordinary stapled securities	5,289,612
	Performance rights granted	2,165,023

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

Director	Board Meetings		Audit, Risk, Management & Compliance Committee Meetings		Nomination & Remuneration Committee Meetings		Conflicts Committee meetings	
	A	B	A	B	A	B	A	B
Mr Garry S. Charny	27	27	6	6	6	6	12	12
Mr Peter J. Done	26	27	6	6	6	6	#	#
Mr John R. Slater	27	27	5	6	6	6	#	#
Ms Susan Wheeldon	26	27	#	#	#	#	12	12
Mr Nicholas R. Collishaw	25	27	#	#	#	#	#	#
Mr John E. McBain	26	27	#	#	#	#	#	#
Mr Jason C. Huljich	26	27	#	#	#	#	#	#
Ms Kristie Brown	12	12	1	1	#	#	#	#
Mr Wee Peng Cho	3	4	#	#	#	#	#	#



### Directors' meetings (continued)

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office during the year

# = Not a member of committee

### Company secretary

Anna Kovarik was appointed to the position of Company Secretary on 5 July 2018.

Anna holds a Masters of Information Technology, a BA (Hons) in Systems Management and was awarded a distinction in the Global Executive MBA program at the University of Sydney. She is qualified as a solicitor in both the United Kingdom and New South Wales and was a senior associate at Allens law practice in Sydney.

Prior to joining Centuria, Anna held the position of Group Risk Manager at Mirvac Group and was previously Head of Group Insurance for AMP and General Counsel and Company Secretary at AMP Capital Brookfield.

### Principal activities

The principal activities of the Group during the financial year were the marketing and management of investment products including direct interest in property funds, friendly society investment bonds, property and development finance and other liquid investments across Australasia.

### Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- Contributed equity attributable to Centuria Capital Group increased to \$1,405,456,000 reflecting equity raisings undertaken during the year. This included stapled securities issued as partial consideration for the takeover of Augusta Capital Limited and Primewest Group Limited (Primewest) during the year and the vesting of rights under the Executive Incentive Plan. Details of changes in contributed equity are disclosed in Note C10 to the consolidated financial statements.
- In December 2020, the Group refinanced the corporate notes, reducing the fixed component of Tranche 1 from \$30,708,000 to \$19,447,000, reducing the variable component of Tranche 1 from \$26,040,000 to \$8,350,000, increasing the fixed component of Tranche 3 from \$18,115,000 to \$29,366,000 and increasing the variable component of Tranche 3 from \$13,960,000 to \$31,650,000.
- In April 2021, the Group issued \$198,693,000 of listed redeemable notes with a variable interest rate of 4.25% plus the bank bill rate which is due to mature on 21 April 2026.
- In April 2021, the Group repaid \$19,447,000 of the 7.0% fixed rate secured notes, \$45,000,000 of the 6.5% fixed rate secured notes and \$8,350,000 of the variable rate secured notes.
- The Group acquired a 50% interest in Bass Capital Partners Pty Ltd (Centuria Bass) for \$25,417,876 cash consideration. Centuria Bass is considered a joint venture and treated as an equity accounted investment commencing from 22 April 2021.
- On 3 June 2021, the Group had received commitments to acquire 70.1% of Primewest securities and declared the offer as unconditional. As a result, the Group has been deemed to attain control over Primewest on 3 June 2021. The offer consisted of a cash component of \$0.20 and a scrip component of 0.473 Centuria stapled securities per Primewest security. The Group had acquired 98.37% of Primewest securities at 30 June 2021, with the remaining 1.63% under compulsory acquisition. The Group has accounted for Primewest as a wholly owned subsidiary as at 30 June 2021.

# Operating and financial review

The Group recorded a consolidated statutory NPAT for the year of \$149,639,000 (2020: \$22,087,000). Statutory NPAT has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, which comply with International Financial Reporting Standards.

The Group recorded an operating profit after tax of \$70,211,000 (2020: \$53,253,000). Operating profit after tax excludes non-operating items such as transaction costs, fair value movements and share of net profit of equity accounted investments in excess of distributions received.

The statutory NPAT includes a number of items that are not considered operating in nature, the table below provides a reconciliation from statutory profit to operating profit.

	2021 \$'000	2020 \$'000
<b>Reconciliation of statutory profit to operating profit</b>		
Statutory profit after tax	149,639	22,087
<i>Statutory earnings per security (EPS) (cents)</i>	<b>24.6</b>	4.7
<b>Less non-operating items:</b>		
Unrealised (gain)/loss on fair value of investments and derivatives	(79,843)	34,837
Transaction and other costs	4,503	6,208
Impairment charges in relation to seed capital	-	550
(Profit)/loss attributable to controlled property funds	(12,456)	1,323
Eliminations between the operating and non-operating segment	6,681	(3,347)
Share of equity accounted net loss/(profit) in excess of distributions received	175	(1,486)
Write-off of capitalised borrowing costs in relation to repayment of secured notes	2,349	1,229
Tax impact of above non-operating adjustments	(837)	(8,148)
<b>Operating profit after tax</b>	<b>70,211</b>	53,253
<i>Operating EPS (cents)</i>	<b>12.0</b>	12.0

A summary of the Group's operating segments is provided in Note A5 of the Financial Report. The Operating NPAT for the Group comprises the result of the divisions which report to the Joint CEOs and Board of Directors for the purpose of resource allocation and assessment of performance.

Segment	Operating profit after tax \$'000		Increase/ (Decrease) \$'000	Increase/ (Decrease) %	Highlights
	2021	2020			
Property Funds Management	44,558	36,286	8,272	23	(a)
Co-Investments	26,066	19,166	6,900	36	(b)
Developments	3,419	1,232	2,187	178	(c)
Property and Development Finance	286	-	286	-	(d)
Investment Bonds Management	547	1,710	(1,163)	(68)	(e)
Corporate	(4,665)	(5,141)			
<b>Operating profit after tax</b>	<b>70,211</b>	53,253			

A detailed Segment Profit and Loss as well as a detailed Segment Balance Sheet are outlined in Notes B1 and C1 respectively.

# **Operating and financial review (continued)**

Operational highlights for the key segments were as follows:

## **(a) Property Funds Management**

For the year ended 30 June 2021, excluding the after tax impact of performance fees, the Property Funds Management segment profit increased by \$10,793,000 or 51% reflecting the growth in AUM.

For the year ended 30 June 2021, Property Funds Management operating NPAT of \$44,558,000 was higher than the prior year ending 30 June 2020 by \$8,272,000 primarily due to the impact of acquisitions in the first half of the financial year and full year impact of the acquisition of Augusta Capital Limited.

The increase in AUM was primarily attributable to approximately \$2.0 billion in organic acquisitions with 6 assets valued at \$837 million acquired in listed vehicle CIP and the remainder of the increase relating to other acquisitions in CIP, single asset funds and Healthcare properties.

## **(b) Co-Investments**

For the year ended 30 June 2021, the Co-Investments segment operating NPAT increased by \$6,900,000. This was primarily due to additional units acquired during the year in COF and CIP, as well as an increase in underwriting activity for newly established funds in New Zealand.

The operating profit after tax for the Co-Investments segment represents the distributions and returns generated from investment stakes held less applicable financing costs.

## **(c) Developments**

For the year ended 30 June 2021, the Developments segment operating net profit after tax was \$3,419,000. This segment has been introduced in the year ending 30 June 2021 due to development earnings contributing to a larger share of the Group's earnings. The prior year segment disclosure has been restated to reflect the Development segment.

## **(d) Property and development finance**

For the year ended 30 June 2021, the Property and development finance segment's operating NPAT was \$286,000. This segment was created from the Group's acquisition of 50% interest in Bass Capital Partners Pty Ltd (Centuria Bass), a real estate debt fund provider, for \$25,417,876 cash consideration.

Centuria Bass is considered a joint venture and treated as an equity accounted investment commencing from 22 April 2021. The operating results of Centuria Bass are shown in Note B1 as the Group's proportionate share.

## **(e) Investment Bonds Management**

For the year ended 30 June 2021, the Investment Bonds Management segment's operating NPAT decreased by \$1,163,000 to \$547,000 primarily due to the impact of the low interest rate environment resulting in an increase in Capital Guaranteed Fund rebates.

# **Earnings per security (EPS)**

	2021		2020	
	Operating	Statutory	Operating	Statutory
Basic EPS (cents/security)	12.0	24.6	12.0	4.7
Diluted EPS (cents/security)	11.9	24.2	11.6	4.6

## Dividends and Distributions

Dividends and distributions paid or declared by the Group during the current financial year were:

<b>Dividends/distributions paid during the year</b>	<b>Cents per security</b>	<b>Total amount \$'000</b>	<b>Date paid</b>
Final 2020 dividend (100% franked)	1.80	8,690	8 July 2020
Final 2020 Trust distribution	3.40	16,420	8 July 2020
Interim 2021 dividend (100% franked)	1.20	7,203	29 January 2021
Interim 2021 Trust distribution	3.30	19,811	29 January 2021
<b>Dividends/distributions declared during the year</b>			
Final 2021 dividend (100% franked)	2.10	12,605	30 July 2021
Final 2021 Trust distribution	3.40	20,408	30 July 2021

## Events subsequent to the reporting date

In July 2021, \$34,100,000 cash consideration was received for the two final social affordable housing developments, 45 Pendlebury Road, Cardiff NSW and 357-359 Mann Street, North Gosford NSW.

Other than the above, there has not arisen in the interval between 30 June 2021 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

## Likely developments

The Group continues to pursue its strategy of focusing on its core operations, utilising a strengthened balance sheet to provide support to grow and develop these operations.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

## Environmental regulation

The Group has policies and procedures to identify and appropriately address environmental obligations that might arise in respect of the Group's operations that are subject to significant environmental laws and regulation. The Directors have determined that the Group has complied with those obligations during the financial year and that there has not been any material breach.

### Indemnification of officers and auditor

The Company has agreed to indemnify all current and former directors and executive officers of the Company and its controlled entities against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as a director or executive officer unless the liability relates to conduct involving a lack of good faith.

The Company has agreed to indemnify the directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

The directors have not included details of the nature of the liabilities covered or the amount of premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contracts. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as an officer or auditor.

### Non-audit services

During the financial year, KPMG, the Group's auditor, has performed services in addition to the audit and review of the financial statements. Details of amounts paid or payable to KPMG are outlined in Note F4 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in the financial statements do not compromise the external auditor's independence, based on advice received from the Audit, Risk Management & Compliance Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 37.

### Rounding of amounts

The Group is an entity of a kind referred to in ASIC Legislative Instrument 2016/191, related to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off, in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

## Remuneration Committee Chair's letter

Dear Investor,

As chair of the Nomination and Remuneration Committee, I am pleased to present the remuneration report for the year ended 30 June 2021. This report has been approved by the Board and is intended to be informative and digestible whilst complying with our statutory reporting obligations.

Our remuneration philosophy aims to fairly reward and retain the people who we believe play a crucial role in the achievement of our long-term objectives and is a key source of our competitive advantage as a leading Australasian funds manager in the S&P/ASX200 Index. As we continue to grow and mature as a company, we have sought to substantially improve the disclosure of our remuneration structure and practices to clearly link the performance of Centuria Capital Group and to reflect our core value of pay for performance.

### *Improvements in Disclosure*

Throughout FY21, we have sought feedback from our investors and various stakeholder groups and have worked to not only improve transparency of our remuneration report but to better articulate the remuneration practices we have adopted. We, as a Board, believe these remuneration practices are fit for purpose and not only align with our somewhat complex structure but also drive long-term performance for our securityholders. As such, we have included a more comprehensive overview of the overall structure of the Group and deeper rationales for the adoption of a Joint CEO structure. More details of this can be found on page 15 of the remuneration report.

### *Executive Remuneration Changes*

Additionally, as discussed in last year's Notice of Meeting, we have made a number of adjustments to the performance hurdles for executives' variable awards, making the outcome more aligned with our comparator peers, whilst continuing to align with investor's interests. For the Long-Term Incentive (LTI) grants made in respect of the FY20-FY23 period we replaced the Assets Under Management (AUM) performance hurdle with a combination of Relative and Absolute Total Securityholder Return (TSR) hurdles assessed against AREIT peers in the S&P/ASX200. The introduction of the Relative and Absolute TSR performance hurdles to the LTI programme aligns executive's interests with securityholder outcomes and provides a direct comparison of Centuria's performance against their comparator group of peers. Again as foreshadowed in the Notice of Meeting in relation to the 2020 AGM, LTI grants proposed for the FY21-24 period will now vest over year's three and four rather than in year three as was previously the case, i.e. vesting in FY24/FY25.

Further, we have amended the Short-term Incentive (STI) hurdles to ensure the awards are demonstrably not only tied to performance but also create an ongoing annual focus on imperative business and operational issues that create the type of company we are all striving towards. More details of this can be found on page 24 of the remuneration report, respectively.

### *Non-Executive Director Remuneration Changes*

Effective from 1 June 2021, a new fee structure which covers the Board and Board Committee roles across Group (including CNI and other operating entities) has been adopted to improve the transparency of fees paid to directors. Further, the fee schedule has been benchmarked against AREIT peers in the S&P/ASX200 to align director remuneration with market practice as well as recognising the significant responsibilities each director has in the various Boards and Board Committees they sit across the Group. More details of the fee structure can be found on page 33 of the remuneration report.

The fees have been designed to be comparable to our peers in order to attract the highest quality talent to the Board. Expanding the breadth and depth of Board membership across the Group has been a key priority of the current Board to ensure a drive towards optimal independence and diversity in all its forms. In February 2021, Centuria appointed Kristie Brown to the Centuria Capital Limited Board. In July 2021, Centuria also appointed Nicole Green to the Board of Centuria Property Funds Limited and Jennifer Cook to the Board of Centuria Property Funds No. 2 Limited the Responsible Entity Boards of Centuria Office REIT and Centuria Industrial REIT respectively. Professor Simon Rice, OAM, has been elevated to Chair of the Group's Conflicts Committee and Matt Hardy to the Chair of Centuria Property Funds No. 2 Limited. Finally, Susan Wheeldon has been appointed to Chair our new Culture and ESG Committee.

### *FY21 Performance and Remuneration Outcomes*

Despite tough market conditions in the office market due to the ongoing impact of the COVID-19 pandemic, Centuria has had successful financial year in terms of relative securityholder price (+55.3%) to the broader ASX200 industrial and real estate indices. Additionally, the Group strategies to diversify out of pure office into other asset classes and to enter M&A where it is appropriate have been instrumental in keeping our TSR healthy and growing CNI's market capitalisation.

**Remuneration Committee Chair's letter (continued)**

For FY21, Centuria's one-year TSR was 61.8% with the three-year TSR being 130.1%. This resulted in 100% of the absolute TSR component of the Tranche 6 Long-Term Incentive (LTI) awards to vest in FY21. Furthermore, under the stewardship of the executive team, the Group has grown its AUM from \$6.2 billion in FY19 to \$17.4 billion at the end of FY21. This represents a compound annual growth rate in AUM of 67.5% over the three-year period. Consequently, 100% of the AUM component of the Tranche 6 LTI awards vested in FY21.

It is difficult to think of any other combination of strategies which would have produced this result and despite Covid-19's effect on office fund generation, with the finalisation of the acquisition of the Augusta (NZ) and Primewest funds management businesses the executive team has the Group poised to enter FY22 with very healthy EPS growth metrics. Operating EPS for FY21 was 12.0 cents per security, which was comfortably within FY21 guidance range. This result, combined with our substantial year-on-year growth in AUM of 97.7% and strong continued equity flows resulted in 100% of the financial component of the FY21 Short-Term Incentive (STI) to be awarded to the executive team.

The executive team also made substantial headway on non-financial milestones across culture, risk management and sustainability, which the Board believes has contributed to the continued strong financial performance as well as positioning the Group to continue on its growth path. Consequently, 100% of the non-financial component of the FY21 STI was awarded to the executive team.

As a maturing company, we will continue to engage in an open and meaningful dialogue with our securityholders and other stakeholders surrounding our remuneration policies and their contribution to Group's performance as well as our understanding of securityholder concerns and local and global market best practices. We hope, through our continued evolution of our remuneration practices and ongoing financial performance, that we look forward to your support at our 2021 Annual General Meeting.

Yours sincerely,



Garry Charny

Chairman of the Board and Chairman of the Nomination & Remuneration Committee

# Audited remuneration report

We are pleased to present the Remuneration Report for the period ending 30 June 2021.

This Remuneration Report has been prepared in accordance with section 300A of the *Corporations Act 2001 (Cth)* (Act) and the applicable *Corporations Regulations 2001 (Cth)*. The remuneration report provides information about the remuneration arrangements for key management personnel (KMP), which includes non-executive Directors and the Group's most senior management for the year ended 30 June 2021.

For clarity, the STI and LTI amounts awarded to Joint CEOs and CFO were calculated on gross fixed remuneration amounts in as much as they do not allow a deduction for the wage reductions implemented by the Group in the interest of securityholders during initial COVID-19 pandemic conditions. For the period of 1 July 2020 to 30 November 2020, the Board of Directors and Joint CEOs reduced fixed remuneration/board fees by 15%.

Other staff members agreed to fee reductions in the range 5% to 12.5% over the same period. These deductions are permanent and will not be reimbursed by the Group.

The report is structured as follows:

- Details of KMP covered in this report;
- Remuneration oversight and key principles;
- Remuneration of executive directors and senior management;
- Key terms of employment contracts;
- Non-executive director remuneration; and
- Director and senior management equity holdings and other transactions.

## Details of KMP covered in this report

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company during the full financial year.

Name	Role	Term
<b>Non-Executive Directors</b>		
Mr Garry S. Charny	Independent Non-Executive Director and Chairman	Full term
Mr Peter J. Done	Independent Non-Executive Director	Full term
Mr John R. Slater	Independent Non-Executive Director	Full term
Ms Susan Wheeldon	Independent Non-Executive Director	Full term
Ms Kristie Brown	Independent Non-Executive Director	Part-year (from 15 Feb 2021)
Mr Nicholas R. Collishaw	Non-Executive Director	Full term
<b>Executive Directors</b>		
Mr John E. McBain	Executive Director and Joint Chief Executive Officer	Full term
Mr Jason C. Huljich	Executive Director and Joint Chief Executive Officer	Full term
<b>Executives</b>		
Mr Simon W. Holt	Chief Financial Officer	Full term

The term 'senior management' is used in this remuneration report to refer to the executive directors and the Chief Financial Officer.

## Nomination and Remuneration Committee

The Board has an established Nomination & Remuneration Committee which operates under the delegated authority of the Board of Directors. A summary of the Nomination & Remuneration Committee charter is included on the Centuria Capital Group website.

The functions of the Committee in respect of remuneration include:

- Making recommendations to the Board regarding the remuneration of non-executive members of Centuria's Board, subsidiary boards and committees which shall be reviewed annually;
- An annual review of the Joint CEO's remuneration and the application of incentive programs; and
- An annual review of the application of the short-term and long-term incentive schemes and policies for executives and staff.



**Audited remuneration report (continued)*****Nomination and Remuneration Committee (continued)***

Additionally, the function of the Committee in respect of Board, Joint CEO's and senior executive performance include:

- Evaluating the performance of the Board, including committees and individual directors;
- Assessing the performance of the Joint CEO's and senior executives against their key performance indicators; and
- Ensuring other human resource management programs, including performance assessment programs are in place.

The following Non-Executive Directors of Centuria are members of the Nomination & Remuneration Committee

- Mr Garry Charny (Non-Executive Committee Chair)
- Mr. John Slater (Non-Executive Director)
- Mr. Peter Done (Non-Executive Director)

The Committee is authorised by the Board to obtain external professional advice, and to secure the attendance of advisors with relevant experience if it considers this necessary. There were no remuneration recommendations made by external advisers during the year.

***Remuneration policy and link to performance******Group Structure***

Centuria Capital Group is an ASX-listed specialist investment manager with a 35-year track-record of delivering a range of products and services to investors, advisers and securityholders. Our business is centred around property funds management and investment bonds, with the following key areas of focus:

- Centuria Property Funds which specialises in listed property funds (AREITs) and unlisted property funds including;
  - Listed REITS, COF and CIP in Australia;
  - Listed property fund Asset Plus Limited (NZ);
  - the Centuria Diversified Property Fund;
  - the Centuria Healthcare Property Fund;
  - the Augusta Industrial fund (NZ);
  - 120 closed-end unlisted property funds in Australia and New Zealand;
  - Centuria Bass (50% interest in real estate credit supplier);
- Centuria LifeGoals Investment Bonds which deliver innovative solutions to help clients meet their investment goals.

The Group encompasses a portfolio of wholesale and retail funds, a healthcare business with related wholesale and retail funds, and a New Zealand business with listed and unlisted funds. It is noted that the listed REITs also are not staffed and responsibility for these are managed by the executive team and employees of CNI. The Group structure is outlined below on page 15.

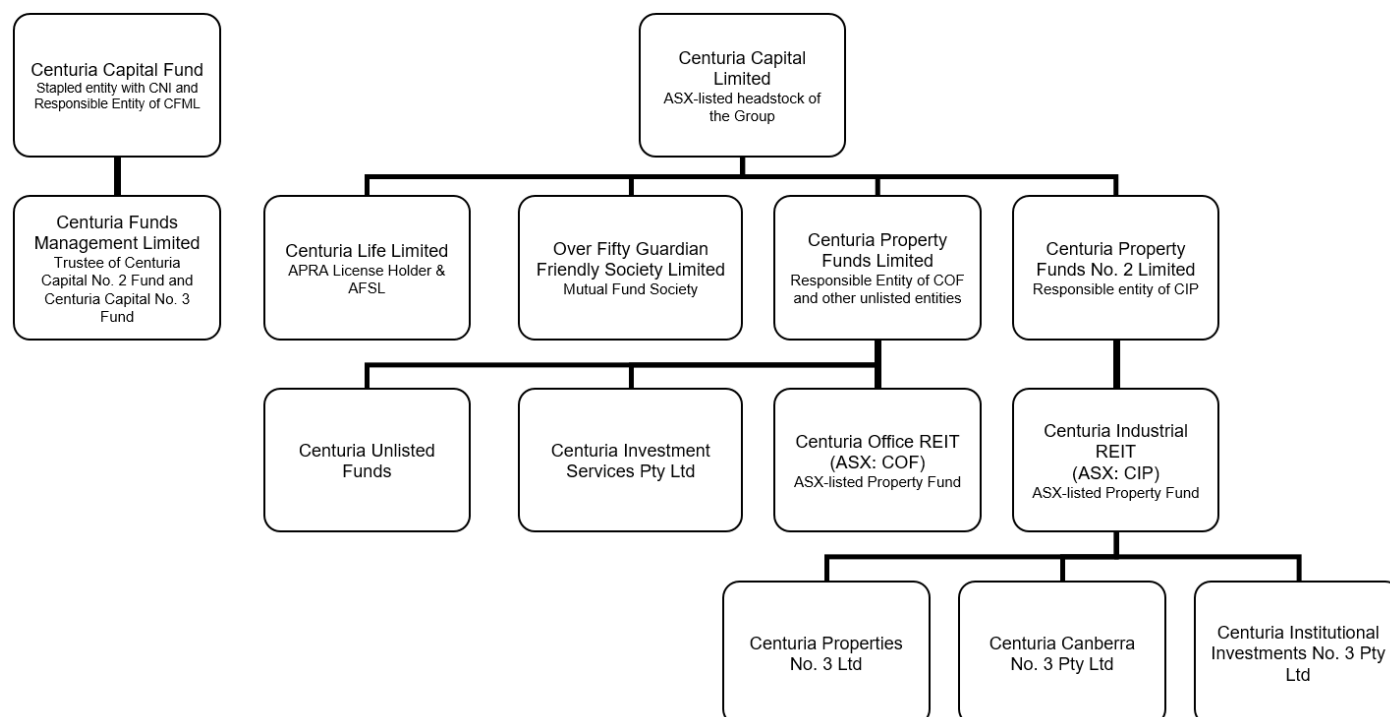
The combined market capitalisation of the listed headstock (Centuria Capital Group) and its two listed REITS, CIP and COF, is over approximately \$5.8 billion.

Given the overall size of the Group, the complexities of the business it operates and its international scope, the Board has adopted a number of remuneration practices that reflect this. These are present in our adoption of the Joint CEO structure as well as the new Directors' Fees Schedule, which are discussed further in the sections below of this report. These are present in our adoption of the Joint CEO structure as well as the new Directors' Fees Schedule, which are discussed further in pages 16 and 33 of this report, respectively.

## Audited remuneration report (continued)

### Remuneration policy and link to performance (continued)

#### Group Structure (continued)



#### Remuneration Philosophy

The Group recognises the important role people play in the achievement of its business strategy and long-term objectives and as a key source of competitive advantage. To grow and be successful across these two areas, the Group must be able to attract, motivate and retain capable individuals with exceptional talent, expertise, experience and relationships. Our Group is able to achieve this goal by following the principles of:

- Delivering value for shareholders in the most efficient manner - which is reflective in the Joint CEO structure that optimises the size of the senior executive group in relation to its peers to make it leaner and more agile than our peers. Overall cost of remuneration is managed and linked to operating performance of the Group.
- Ensuring competitive, at-risk rewards are provided to attract and retain the best executive talent, with a focus on retention.
- Including senior staff in the Long Term Incentive equity plan to provide a sense of ownership and alignment and in FY20 and FY21 distributing securities to all non-LTI staff to encourage ownership and alignment.

The main objective in rewarding the Group's senior management for their performances is to ensure that shareholders' wealth is maximised through the Group's continued growth.

#### Joint CEO Structure

The Joint CEO structure was established in 2019 as an important part of the Group's long-term management succession and retention plan. In support of the Joint CEO structure the Board takes into account the following matters:

- The Joint CEOs have a strong background in all aspects of the business but also have complementary skills sets, which allows them to focus on different areas in the management of the multiple complexities of the business given the Group's overall structure. Mr Huljich has a primary oversight of funds management, distribution and property services and Mr McBain has a primary oversight of corporate functions (corporate strategy, M&A, finance, treasury, legal, communications and investor relations) and the Life business;

## Audited remuneration report (continued)

### *Remuneration policy and link to performance (continued)*

- The Board have recognised the significant importance that a strong succession plan has on any business. The Joint CEOs have worked seamlessly together for over 20 years. By creating the Joint CEO role for Mr Huljich in 2019, the Board believes it has moved to ensure investors have confidence in the future direction of the Group, and that, with Joint CEOs, the business has two strong leaders, pulling together to optimise investor value in a tried and tested operative way. The Joint CEO structure has been adopted to ensure any future departure is without disruption to the Group's operations, which will inevitably lead to superior outcomes for securityholders.

The remuneration of the Joint CEOs reflects the position they hold in the REIT industry and their experience and achievements gained from working together over a period of 25 years at Centuria. Given the complimentary skill sets of the two CEOs and their division of key responsibilities (outlined above), the Board believes the remuneration of the Joint CEOs is a benefit for investors by removing the need for expensive key resources which many other AREIT peers require, such as Chief Investment Officers or Chief Operations Officers.

Through the Joint CEO structure, the Group is able to minimise the size of the senior executive group to be leaner and nimbler than its peers, which the Board believes is a significant competitive advantage and in the long-term best interests of securityholders. As part of its benchmarking process, the Board believes the reduced executive committee size and adoption of the Joint CEO structure is a significant cost-saving practice for the Group in comparison to its peers, with the total executive cost being between 68% and 71% lower than its competitors amongst ASX AREIT peers.

The Nomination & Remuneration Committee, as well as the Board, annually review the appropriateness of the Joint CEO structure to ensure its efficiency and effectiveness by assessing the joint performance of the CEOs in delivering strong shareholder outcomes within the context of the Group's continued growth comparatively to AREIT peers' performance and total executive team costs.

### **Remuneration of senior management**

#### *Remuneration Structure*

The below table outlines the components of senior management's remuneration and the underpinning rationale for each element of the remuneration structure. The Nomination & Remuneration Committee ensures the criteria used to assess and reward staff include financial and non-financial measures of performance.

The table below summarises the key features of executive remuneration and the objectives of each element.

**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

*Remuneration Structure (continued)*

Type of Remuneration	Total Executive Remuneration		
	Fixed	At-Risk	
	Fixed Remuneration	Short-term Incentive	Long-term Incentive
How is it set?	Fixed remuneration is set with reference to market competitive rates in comparative ASX listed AREITs for similar positions, adjusted to account for the experience, ability and productivity of the individual employee.	Senior executives participate in the Group's STI plan which is assessed against key areas of financial and non-financial performance that are designed to create an ongoing annual focus on imperative business and operational issues that create the type of company we all strive towards. Refer to the FY21 STI Scorecard for further details.	Senior executives participate in the Group's LTI plan which is assessed against securityholder returns over a three-year performance period. The significant weighting towards relative TSR in the LTI aligns executive's interests with securityholder outcomes and provides a direct comparison of the Group's performance against their comparator group of peers. Refer to the LTI Structure section for further details.
How is it delivered?	<ul style="list-style-type: none"> <li>• Base Salary</li> <li>• Superannuation</li> <li>• Other benefits such as maintained motor vehicles</li> <li>• Other eligible salary sacrifice benefits</li> </ul>	Awarded in cash or shares at the Board's discretion.	Equity with performance assessed over three years (vesting in Year 3 and 4).
What is the objective?	<ul style="list-style-type: none"> <li>• Attract and retain key talent</li> <li>• Be competitive</li> </ul>	<ul style="list-style-type: none"> <li>• Drive annual financial growth targets and securityholder returns</li> <li>• Reward value creation over a one-year period whilst supporting the long-term strategy</li> <li>• Incentivise desired behaviours in line with the Group's risk appetite</li> </ul>	<ul style="list-style-type: none"> <li>• Support delivery of the business strategy and growth objectives</li> <li>• Incentivise long-term value creation</li> <li>• Drive alignment of employee and securityholder interests</li> </ul>

*Remuneration mix*

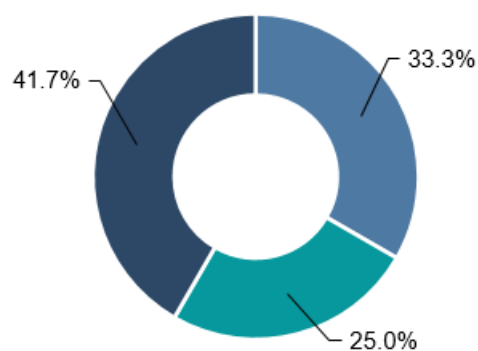
Remuneration packages include a mix of fixed and variable remuneration and short and long-term performance-based incentives. The proportion of fixed and variable remuneration for senior management (excluding the Joint CEOs) is established by the Joint CEOs and the Nomination & Remuneration Committee. The proportion of fixed and variable remuneration for the Joint CEOs is established solely by the Nomination & Remuneration Committee. While the allocation may vary from period to period, the graph below details the approximate fixed and variable components for senior management.

**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

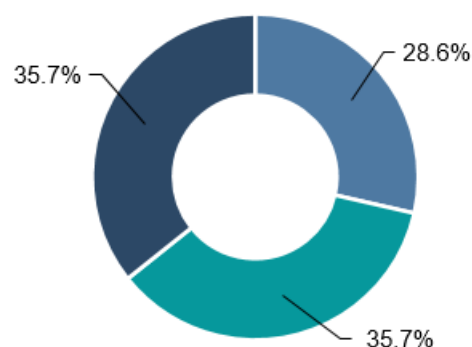
*Remuneration mix (continued)*

Potential Joint CEO Remuneration Mix  
(at Target Opportunities)



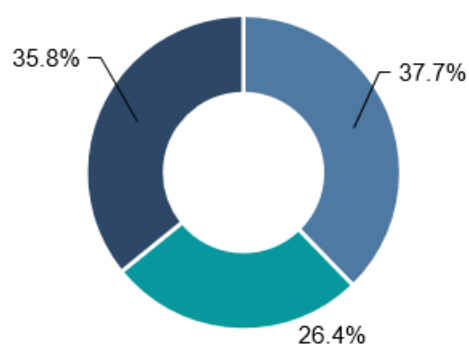
■ Fixed ■ STI ■ LTI

Potential Joint CEO Remuneration Mix  
(at Maximum Opportunities)



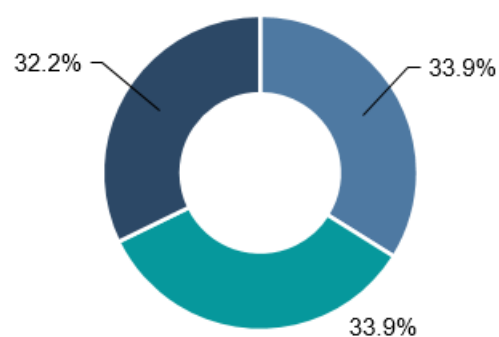
■ Fixed ■ STI ■ LTI

Potential CFO Remuneration Mix  
(at Target Opportunities)



■ Fixed ■ STI ■ LTI

Potential CFO Remuneration Mix  
(at Maximum Opportunities)



■ Fixed ■ STI ■ LTI

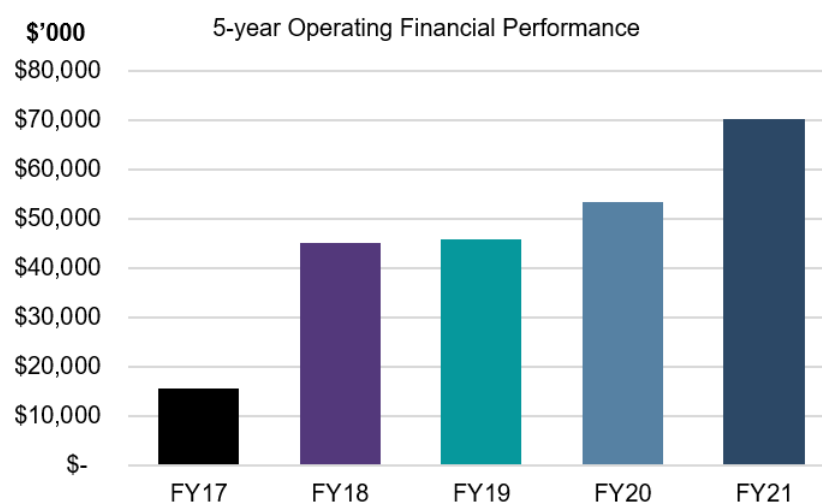
**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

*Historical performance, shareholder wealth and remuneration*

**Financial Performance**

The Group's overall objective is to reward executive directors and senior management based on the Group's performance and build on shareholders' wealth but this is subject to market conditions for the year. The graph below sets out the Group's operating net profit after tax for the past five years.



The table below sets out summary information about the Group's earnings for the past five years.

5 year summary	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017
Operating profit after tax (\$'000)	70,211	53,253	45,706	45,087	15,489
Statutory profit after tax attributable to Centuria Capital Group securityholders (\$'000)	143,456	21,105	50,795	54,765	17,323
Share price at start of year	\$1.79	\$1.77	\$1.40	\$1.23	\$1.05
Share price at end of year	\$2.78	\$1.79	\$1.77	\$1.40	\$1.23
Interim dividend	4.5cps	4.5cps	4.25cps	4.1cps	2.3cps
Final dividend	5.5cps	5.2cps	5.0cps	4.1cps	5.2cps
Special non-cash dividend	-	-	7.8cps	-	17.27cps
Statutory basic earnings per Centuria Capital Group security	24.6 cps	4.7cps	14.2cps	19.8cps	11.5cps
Operating basic earnings per Centuria Capital Group security	12.0 cps	12.0cps	12.7cps	16.3cps	10.3cps

# Audited remuneration report (continued)

## Remuneration of senior management (continued)

### Historical performance, shareholder wealth and remuneration (continued)

#### Total Securityholder Return (TSR)

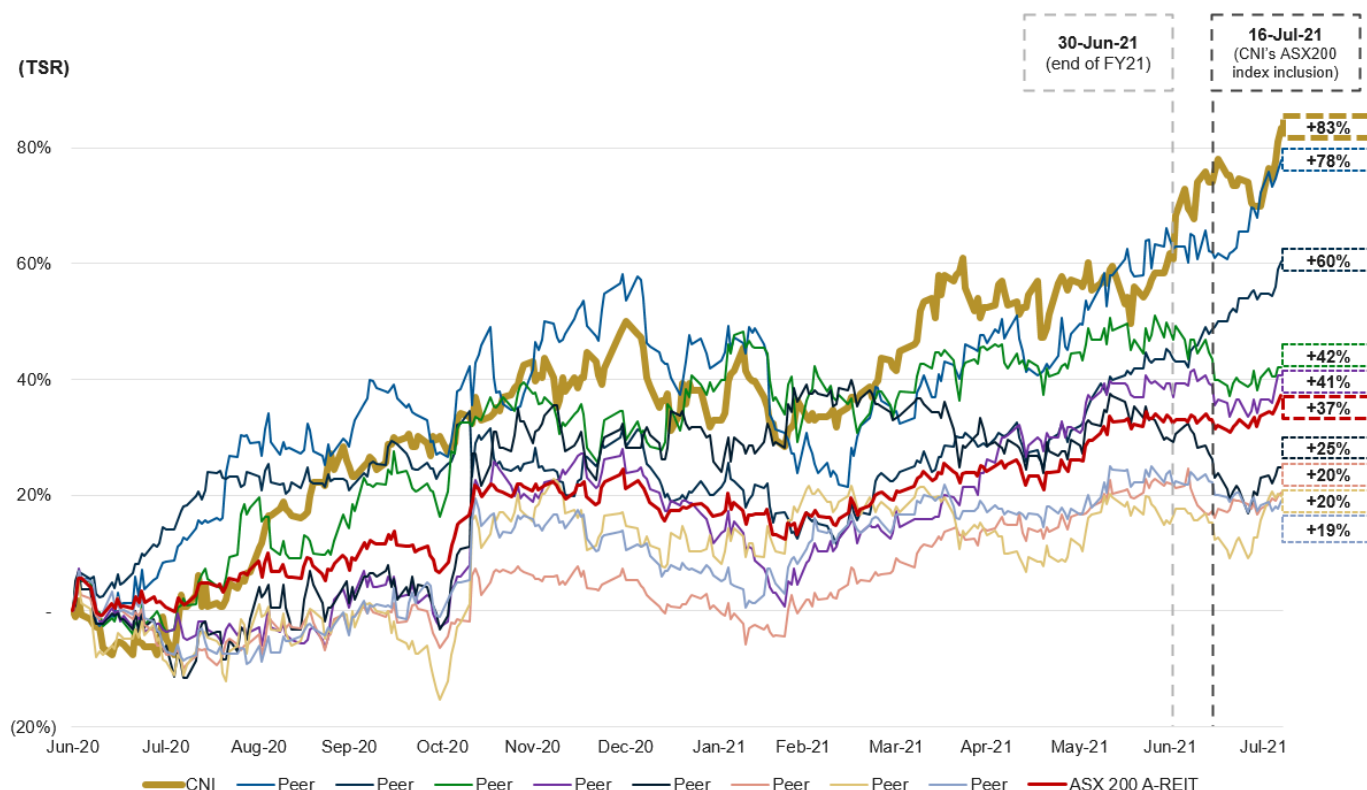
The acquisition of the Primewest business in 2021 was a major transaction for Centuria Capital. On 16 July 2021, following this transaction, Centuria Capital joined the S&P ASX200 index ranked #154 and this ranking is expected to move to circa #130 - #140 when the forthcoming index rebalance takes into account the post-transaction free float market capitalisation.

Due to the factors set out on page 27 and subject to the qualification also outlined, the Group considers the following ASX-listed entities as its most comparable peers which forms the basis of its remuneration benchmarking exercises:

- Charter Hall Group (ASX: CHC)
- Goodman Group (ASX: GMG)
- Stockland (ASX: SGP)
- Mirvac Group (ASX: MGR)
- Dexu (ASX: DXS)
- GPT Group (ASX: GPT)
- Scentre Group (ASX: SCG)
- Vicinity Centres (ASX: VCX)

The graphs and table below highlight Centuria's strong performance against the nominated AREIT peers, the broader S&P/ASX200 Index and the S&P 200 AREIT Index.

#### Total Shareholder Return – 1 year (since the start of FY21)



Source: TSR data from FactSet, as at 6 August 2021

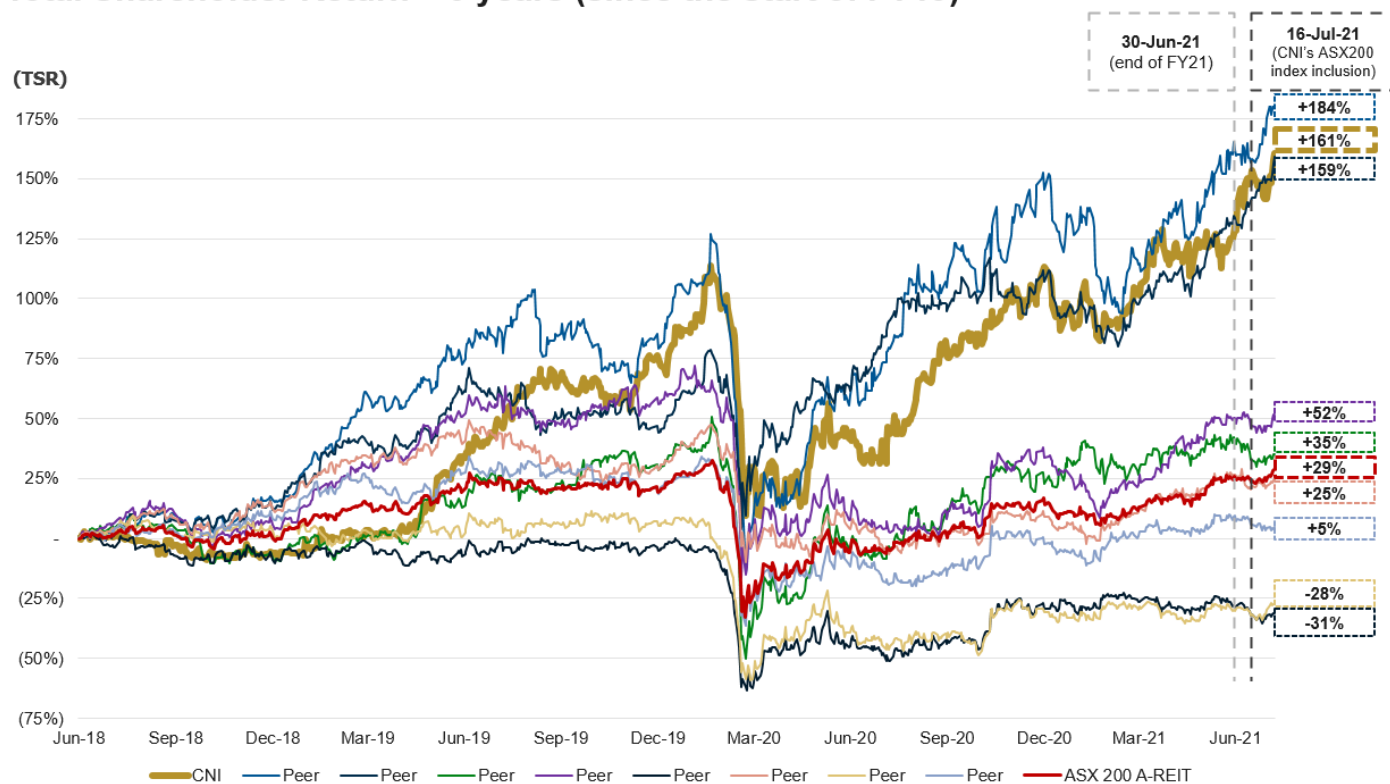
Note: TSR data includes reinvested distributions and represents total return, not an annualised figure

**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

*Historical performance, shareholder wealth and remuneration (continued)*

**Total Shareholder Return – 3 years (since the start of FY19)**



Source: TSR data from FactSet, as at 6 August 2021

Note: TSR data includes reinvested distributions and represents total return, not an annualised figure



**Audited remuneration report (continued)****Remuneration of senior management (continued)***Historical performance, shareholder wealth and remuneration (continued)***Total Shareholder Return**

	1 Year		3 Years	
Nominated Peers	30-Jun-20 to 30-Jun-21	30-Jun-20 to 6-Aug-21	30-Jun-18 to 30-Jun-21	30-Jun-18 to 6-Aug-21
Centuria Capital Group	61.8%	83.4%	130.1%	160.8%
Peer	64.1%	77.9%	162.0%	184.0%
Peer	44.7%	60.5%	133.4%	158.9%
Peer	48.5%	42.2%	40.9%	34.9%
Peer	39.3%	40.8%	50.2%	51.7%
Peer	29.6%	24.8%	(28.4%)	(31.0%)
Peer	22.0%	20.4%	26.4%	24.8%
Peer	15.0%	19.8%	(30.4%)	(27.5%)
Peer	24.2%	19.1%	9.4%	5.0%
<b>Indices</b>				
S&P ASX 200 / A-REIT	33.2%	37.2%	25.1%	28.7%
S&P ASX 200	27.8%	31.8%	31.6%	35.7%

A major focus for FY21 was the consolidation of Centuria Capital as the fourth largest external property funds manager in Australia. Centuria's growth strategy was executed throughout the reporting period with measurably higher total securityholder returns than six of the eight nominated peer set.

Centuria believes that important factors driving this outcome include:

- the selection of a lean senior management team and incentivising them appropriately;
- the synergy and cohesiveness that exists between management and a diverse Board enabling long term strategies to be set and implemented seamlessly;
- a recognition that the culture that exists within the group is tangible and promotes a productive, diverse, rewarding working atmosphere where employees strive to out-perform.

This special combination of highly complementary and experienced Joint CEO's, stable and highly motivated management team and highly responsive, experienced and diverse Board members has provided consistently high levels of performance in terms of TSR and dividend flows when accurately and properly compared to its true peer set and consistent outperformance against the S&P ASX 200 index (and the S&P ASX 200 REIT index).

These performance metrics hold true over both one and three year periods and the company believes maintaining and encouraging this special combination of talent, drive and experience has will prove proven highly beneficial to securityholders over the long term.

# Audited remuneration report (continued)

## Remuneration of senior management (continued)

### Historical performance, shareholder wealth and remuneration (continued)

#### Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

For senior management excluding the Joint Chief Executive Officers, this is reviewed annually by the Joint Chief Executive Officers and the Nomination & Remuneration Committee. The process consists of a review of Group, business unit and individual performance as well as relevant comparative remuneration in the market. The same process is used by the Nomination & Remuneration Committee when reviewing the fixed remuneration of the Joint Chief Executive Officers.

Senior management are given the opportunity to receive their fixed remuneration in a variety of forms including cash and salary sacrifice items such as motor vehicles, motor vehicle allowances and/or additional superannuation contributions.

#### (i) Short-term Incentives (STI)

The objective of the STI program is to link the achievement of the Group's non-financial and financial targets with the remuneration received by senior management accountable for meeting those targets. The potential STI available is set at a level to provide sufficient incentive for senior management to achieve operational targets and such that the cost to the Group is reasonable in the circumstances.

#### STI Structure

FY21 STI Plan Structure		
Performance Period	12 Months	
Opportunity	Joint-CEOS CFO	125% of total fixed remuneration at maximum. 100% of total fixed remuneration at maximum.
How the STI is paid	STI awards may be settled in either cash and/or shares at the Board's discretion.	
Performance measures & conditions	Financial measures (60%)	Growth in Assets Under Management (AUM) Operating Earnings Per Share (EPS) Growth Equity Flow Growth
	Non-financial measures (40%)	Staff Engagement Non-Financial Risk Management Environmental, Social and Governance (ESG)
How are STI targets set?	In determining STI hurdle targets, the following factors are considered by the Committee and Board: <ul style="list-style-type: none"> <li>• Performance of peer fund managers over a range of asset classes;</li> <li>• Direct returns from asset classes in particular property, equities and fixed interest;</li> <li>• Outlook for financial markets including fixed interest returns;</li> <li>• Effect financial market views on asset values eg cap rate compression or expansion;</li> <li>• Performance of Centuria compared to other peer managers; and</li> <li>• Quality of Centuria's financial products compared to market and how contemporary they are in this context.</li> </ul>	
How is the STI assessed?	At the Board's absolute discretion, the Group's Senior Management may be provided with the opportunity to receive an annual, performance-based incentive. The Nomination & Remuneration Committee assesses annually the individual scorecards of participants against the KPIs in determination of the annual STI outcome. The 'STI Achieved' section outlines the overall scorecard outcomes for FY21.	
What happens when an executive ceases employment?	Joint-CEOS	If employment terminates part way through a financial year (other than for termination for serious misconduct), the Joint CEOs are entitled to the STI for the full financial year.
	CFO	If employment terminates part way through a financial year, the CFO forfeits any applicable STI for the relevant financial year.
Is there any STI deferral?	No	

**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

*Historical performance, shareholder wealth and remuneration (continued)*

**FY21 Performance Measures and Objectives**

**FY21 STI Scorecard**

<b>Performance</b>			
<b>Hurdle</b>	<b>Weighting</b>	<b>Target Criteria</b>	<b>Outcomes</b>
<b>Financial Metrics</b>			
Growth in AUM	30%	<ul style="list-style-type: none"> <li>• Target = \$10.81 billion, resulting in 100% of the award vesting.</li> <li>• Outperformance target = \$11.28 billion, resulting in 125% granting of the award. **</li> </ul>	<p>For FY21, the company's total AUM was \$17.4 billion, representing a growth of approximately 97.7% from the prior reporting period (FY20: \$8.8 billion).</p> <p>This achievement was above outperformance (+20.0%).</p>
Operating EPS	15%	<ul style="list-style-type: none"> <li>• Original Target = guidance</li> <li>• Outperformance target = guidance +15%cps Resulting in 125% granting of award. **</li> </ul>	<p>For FY21, the company's operating EPS was 12.0cps.</p> <p>This achievement was above outperformance.</p>
Equity Flow Growth	15%	<ul style="list-style-type: none"> <li>• Target = 17.5% resulting in 100% of award vesting</li> <li>• Outperformance target = 20% resulting in 125% granting of award. **</li> </ul>	<p>Year-on-year equity flow growth was 28%.</p> <p>Equity flows relate to equity raised from public sources for property funds - FY21 result was normalised to exclude FY21 COF office result (\$461m). Due to COVID-19 effect on commercial office fund opportunity FY22 performance could not include office flows. ***</p> <p>This achievement was above outperformance.</p>
<b>Non-financial Metrics</b>			
Staff Engagement****	15%	<p>The company conducts annual company-wide surveys with employees.</p> <p>Results from these surveys are calculated into a score, with vesting occurring at these achievement points:</p> <ul style="list-style-type: none"> <li>• Score of 55% = 50% of the award</li> <li>• Score of 65% = 75% of the award</li> <li>• Score of 75% and over = 100% of the award</li> </ul>	<p>There has been significant ongoing work in staff engagement, which has recorded positive results. These include the following:</p> <ul style="list-style-type: none"> <li>• Regular staff engagement surveys have been conducted, which are independently assessed;</li> <li>• During FY21, the executive management team initiated the "Centuria People" online staff performance and staff engagement system; and</li> <li>• During FY21, the executive management team initiated a team leadership programme supervised by an independent consultant whereby 10 future leaders join an intensive leadership skills programme.</li> </ul> <p>The Board assessed the outcomes of the staff engagement surveys in conjunction with the above initiatives as meeting Target, resulting in 100% of the award being achieved.</p>

**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

*Historical performance, shareholder wealth and remuneration (continued)*

**FY21 STI Scorecard (continued)**

<b>Performance</b>			
<b>Hurdle</b>	<b>Weighting</b>	<b>Target Criteria</b>	<b>Outcomes</b>
<b>Non-financial Metrics (continued)</b>			
Non-financial Risk Management	10%	<p>The Non Financial Risk Committee exists to provide a regular conduit for important non-financial information to flow between management and the Board.</p> <p>The main criteria employed to assess performance were:</p> <ul style="list-style-type: none"> <li>• Regular attendance by KMP's</li> <li>• Regular and accurate formal Board reporting</li> <li>• Regular and accurate formal Board reporting</li> <li>• Ensuring that all relevant matters within the ambit of the Committee were brought to the Board's attention in a timely manner</li> </ul>	<p>The Board noted the work of the Committee as it related to a number of important non-financial risks eg unit pricing policies, potential conflict issues, fund restructuring issues, performance reporting issues, group risks, DRP issues and a large number of other relevant issues.</p> <p>The Board monitored the achievements of the Committee in raising each issue and implementing transparent solutions.</p> <p>The Board assessed the outcomes of the Non-Financial Risk Committee as meeting Target, resulting in 100% of the award being achieved.</p>
ESG	15%	<p>The ESG metric is assessed against key achievements in the implementation of the company's ESG strategy, including:</p> <ul style="list-style-type: none"> <li>• Improving diversity throughout the Group; and</li> <li>• Development and roll-out of the company's environmental and sustainability initiatives across the Group.</li> </ul>	<p>Management has executed the following steps in relation to ESG during FY21;</p> <ul style="list-style-type: none"> <li>• Establishment of management ESG committee with members comprising relevant divisional executives. This committee will be central to establishing Centuria's improving ESG outcomes.</li> <li>• Oversight and publication of the Company's first Sustainability Report in FY21 to coincide with the holding of the 2021 AGM.</li> <li>• Recruitment and establishment of ESG specific team within the organisation including a new appointment - the General Manager - Sustainability.</li> </ul> <p>The Board assessed the outcomes of the above actions as meeting Target, resulting in 100% of the award being achieved.</p>

**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

*Historical performance, shareholder wealth and remuneration (continued)*

\*During FY21 the Board had a particular focus on AUM growth as a dedicated strategy to qualify Centuria Capital for inclusion in the S&P ASX 200 index. This goal was achieved on 16 July 2021.

\*\*Due to Covid-19 conditions for majority of year Key Management Personnel waived their right to 125% award grants irrespective of qualification.

\*\*\* The Australian office market was impacted adversely during the majority of FY21 and in particular Australian office AREITS were not in a position to raise capital and this applied to Centuria Office REIT (COF) amongst others. The Board carefully considered the steps the executive team took to protect returns to COF securityholders and provide resilience. COF's returns have remained stable throughout the national pandemic, COF was one of the few REIT's which provided market FFO and distribution guidance at all times during the pandemic and in addition FY21 results were at the top end of the FFO guidance range and at distribution guidance. The Board also took careful note of the executive teams approach to and success in preparing COF for the period when the office markets recover. Recent evidence of strong market earnings guidance for FY22 together with COF's likely inclusion in the global EPRA NAREIT index in the September 2021 rebalance provides contemporary evidence of those efforts.

\*\*\*\* Employee engagement is measured as a score through an annual Company-wide survey conducted independently by "Leaders Aligned" who reports directly to the CNI Board.

In addition to the scorecard above, the Board took into consideration the following non-financial achievements made in FY21 in determining the final outcome of the FY21 STI awards:

- For a six month period (five months included in FY21) in response to the onset of COVID-19, the KMP's (and Board members) reduced their remuneration by agreement by 15%.
- During FY21 CIP was included in the S&P ASX 200 for the first time in history and the EPRA NAREIT indices and acquired in excess of \$1 billion in assets.
- During FY21 Centuria increased its commitment to Sustainability and ESG outcomes with the appointment of a General Manager - Sustainability, its commitment to provide an initial Sustainability Report prior to the 2021 AGM and confirmation of Centuria's formal support of the Task Force on Climate Related Financial Disclosures and the establishment of a Culture and ESG Board Committee amongst other initiatives.
- During FY21 the acquisition of Primewest became unconditional and Centuria Capital's market capitalisation grew to circa \$2.2 billion, and noting Centuria's inclusion in the S&P ASX 200 index as at 16 July 2021. Refer to page 21 regarding Centuria Capital Group's index rankings.
- With the addition of the Augusta and Primewest businesses, guidance for FY22 operating EPS and FY22 DPS is predicted to be plus 10.0% over the FY21 result.
- The addition of the Primewest distribution network has added 900 ultra-high net worth investors to Centuria's existing network making it the largest HNW network amongst its Australian peers. Adding the Centuria NZ network amplifies this presence.
- The acquisition of a 50% interest in Centuria Bass was completed.
- Integration of Augusta (NZ) completed with name change in place and execution of largest Australian retail unlisted syndicate in the last 15 years (VISY) in FY21.
- Group performance achieved against COVID-19 backdrop where new office funds have been impossible to produce the post FY21 successful capital raising for \$220 million Footscray office fund itself industry-leading and an important milestone for Centuria as we move through and out of COVID-19 in an office fund generation sense.

**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

*Historical performance, shareholder wealth and remuneration (continued)*

**STI Achieved**

The table below outlines the percentage of target STI achieved (and forfeited) in relation to financial and non-financial KPIs, and the total STI awarded, for each executive in 2021.

Executive	STI on Maximum Opportunity*	Financial			Non-Financial			STI Awarded
		Weighting	Achieved	Forfeited	Weighting	Achieved	Forfeited	
John McBain (Joint CEO)	\$1,687,500	60%	100%	0%	40%	100%	0%	\$1,687,500
Jason Huljich (Joint CEO)	\$1,687,500	60%	100%	0%	40%	100%	0%	\$1,687,500
Simon Holt (CFO)	\$715,000	60%	100%	0%	40%	100%	0%	\$643,500

\* STI opportunities for FY21 remained at their contractual level and were not impacted by the fixed remuneration reductions implemented in response to the COVID-19 pandemic.

*(ii) Long-term Incentives (LTI)*

The Group has an Executive Incentive Plan ("LTI Plan") which forms a key element of the Group's incentive and retention strategy for senior management under which Performance Rights ("Rights") are issued.

The primary objectives of the LTI Plan include:

- focusing executives on the longer term performance of the Group to drive long term shareholder value creation;
- ensure senior management remuneration outcomes are aligned with shareholder interests, in particular, the strategic goals and performance of the Group; and
- ensure remuneration is competitive and aligned with general market practice by ASX listed entities.

Rights issued under the LTI Plan are issued in accordance with the thresholds approved at the Annual General Meeting (AGM).

Audited remuneration report (continued)

Remuneration of senior management (continued)

Historical performance, shareholder wealth and remuneration (continued)

LTI Structure

LTI Plan Structure			
Performance Period	3-years performance with 75% of any LTI award vesting in Year 3 with the remaining 25% vesting in Year 4		
Opportunity	Joint-CEOS	125% of total fixed remuneration at maximum	
	CFO	95% of total fixed remuneration at maximum	
Instrument	Performance rights. The allocation of the LTI grants is on a face value basis using the volume weighted average price of the Company's shares over the five ASX Trading Day's immediately preceding 1 July of the grant year (being the date of the commencement of the performance period). Each Performance Right is a right to acquire one Security in the Group (or an equivalent cash amount), subject to the achievement of the "performance hurdles" set out below.		
Performance metrics	Relative Total Securityholder Return (RTSR) (75%)	RTSR (compounded) when ranked to the comparator group of S&P/ASSX 200 A-REIT Accumulation Index stocks over the performance period	Performance Rights subject to RTSR Hurdle that vest
		Exceeds the comparator group 75th percentile	100%
		More than the comparator group 50th percentile and less than 75th percentile	Between 50% to 100% progressive pro-rata vesting (i.e. on a straight-line basis)
		Equal to the comparator group 50th percentile	50%
		Less than the comparator group 50th percentile	0%
	Absolute Total Securityholder Return (ATSR) (25%)	Annual ATSR achieved over the performance period	Performance Rights subject to ATSR Hurdle that vest
		15% or greater	100%
		Between 10% and 15%	Between 25% to 100% progressive pro-rata vesting (i.e. on a straight-line basis)
		10%	25%
		Less than 10%	0%
Rationale for the performance metric and conditions	Both RTSR and ATSR measure the return Securityholders would earn if they held a notional number of Securities over a period of time. RTSR provides a relative measure of growth in the Group's Security price in comparison to relative peers (being the S&P/ASX 200 AREIT accumulation index). ATSR provides an absolute measure of growth in the Group's Security price. The ATSR target is determined with reference to the following factors which can impact future performance: <ul style="list-style-type: none"><li>• Performance of peer fund managers over a range of asset classes;</li><li>• Direct returns from asset classes in particular property, equities and fixed interest;</li><li>• Outlook for financial markets including fixed interest returns;</li><li>• Effect financial market views on asset values eg cap rate compression or expansion;</li><li>• Performance of Centuria compared to other peer managers; and</li><li>• Quality of Centuria's financial products compared to market and how contemporary they are in this context.</li></ul> By combining RTSR with an ATSR measure, executives can be rewarded for driving positive returns and investors have the confidence that interests are aligned with long term business growth and the creation of shareholder wealth. The inclusion of an ATSR metric has been designed to counter-balance RTSR outcomes which may vest when overall market conditions are down.		

**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

*Historical performance, shareholder wealth and remuneration (continued)*

What happens when an executive ceases employment?	<p>If a participant ceases to be employed by the Group before the end of the Performance Period, whether the Performance Rights lapse will depend on the circumstances of cessation.</p> <p>If a participant ceases employment due to resignation, termination for cause or termination for gross misconduct, all unvested Performance Rights will lapse at cessation unless the Board determines otherwise.</p> <p>If a participant ceases employment for any other reason prior to Performance Rights vesting, a pro-rata number of unvested Performance Rights (based on the Performance Period that has elapsed at the time of cessation) will remain unvested until the end of the original Performance Period and vest to the extent that the relevant performance hurdles have been satisfied at any time. The balance of Performance Rights will lapse at cessation.</p>
Malus and Clawback	In the event of fraud, dishonesty or material misstatement of financial statements, the Board may make a determination, including lapsing unvested Performance Rights or 'clawing back' Securities allocated upon vesting, to ensure that no unfair benefit is obtained by a participant.
Dividends and voting rights	Rights do not carry a right to vote or to dividends or, in general, a right to participate in other corporate actions such as bonus issues.
Re-testing	Awards are tested once, at the end of the performance period of three years. There is no further retesting of the performance conditions
Change of Control provisions	If a change of control event occurs, the Board has a discretion to determine whether any unvested Performance Rights should ultimately vest, lapse or become subject to different vesting conditions. In making such a determination, the Board may have regard to any factors that the Board considers relevant, including the period elapsed, the extent to which the vesting conditions have been satisfied and the circumstances of the event.

**LTI Grants**

Currently, the Group operates three tranches of the LTIP as below:

Tranche	Grant Date	Performance Period
6	1 February 2019	1 July 2018 to 30 June 2021
7	18 October 2019	1 July 2019 to 30 June 2020
8	26 November 2020	1 July 2020 to 30 June 2023



**Audited remuneration report (continued)**

**Remuneration of senior management (continued)**

*Historical performance, shareholder wealth and remuneration (continued)*

The table below outlines Rights which were previously granted to senior management and testing against those conditions.

Tranche	KMP	No. of Rights Granted	Performance Period	Vesting Conditions	Achievement of Conditions	No. of Rights Vesting	Value
6	Mr John E. McBain	159,575	1 July 2018 - 30 June 2021	AUM Growth Hurdle	AUM Growth was 29.1% resulting in 100% vesting	159,575	\$1.11
		478,724				478,724	\$0.19
	Mr Jason C. Huljich	126,330		Absolute TSR Growth Hurdle	Absolute TSR was 27.5%, resulting in 100% vesting	126,330	\$1.11
		378,989				378,989	\$0.19
	Mr Simon Holt	57,624				57,624	\$1.11
		172,872				172,872	\$0.19
7	Mr John E. McBain	187,500	1 July 2019 - 30 June 2022	FUM Growth Hurdle	N/A	-	-
		562,500				-	-
	Mr Jason C. Huljich	187,500		Absolute TSR Growth Hurdle	N/A	-	-
		562,500				-	-
	Mr Simon Holt	69,514				-	-
		208,542				-	-
8	Mr John E. McBain	682,278	1 July 2020 - 30 June 2023	Relative TSR Growth Hurdle	N/A	-	-
		227,426				-	-
	Mr Jason C. Huljich	682,278		Absolute TSR Growth Hurdle	N/A	-	-
		227,426				-	-
	Mr Simon Holt	274,630				-	-
		91,543				-	-

**Key terms of employment contracts**

*Group Joint Chief Executive Officers*

Mr John E. McBain, was appointed as Chief Executive Officer of the Group in April 2008. Mr Jason C. Huljich, was appointed as Joint Chief Executive Officer of the Group in June 2019. Mr John E. McBain and Mr Jason C. Huljich are employed under contract. The summary of the major terms and conditions of their employment contracts are as follows:

- Fixed Compensation plus superannuation contributions;
- Car parking within close proximity to the Company's office;
- Eligible to participate in the bonus program determined at the discretion of the Board;
- The Group may terminate this employment contract by providing six months written notice or provide payment in lieu of the notice period plus an additional six months. Any payment in lieu of notice will be based on the total fixed compensation package; and
- The Group may terminate the employment contract at any time without notice if serious misconduct has occurred. When termination with cause occurs the Joint Chief Executive Officers are only entitled to remuneration up to the date of termination.

The Nomination & Remuneration Committee ensures severance payments due to the Joint Chief Executive Officers on termination are limited to pre-established contractual arrangements which do not commit the Group to making any unjustified payments in the event of non-performance.

*Other senior management (standard contracts)*

All senior management are employed under contract. The Group may terminate their employment agreement by providing three months written notice or providing payment in lieu of the notice period (based on the total fixed compensation package).

**Audited remuneration report (continued)*****Non-executive director remuneration******Objective***

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

- Non-executive directors receive adequate remuneration to attract and retain the requisite talent;
- Reflect the complexity of the Group structure and the time commitment associated with oversight of multi-faceted operating entities within the Group; and
- The structure should align the non-executive directors with investors, not providing any disincentive to take independent action.

***Structure***

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the aggregate amount determined is then divided between the directors as agreed. An aggregate maximum amount of not more than \$2,000,000 per year was approved at the 2017 Annual General Meeting.

Each director receives a fee for being a director of Group companies and an additional fee is paid to the Chairman and to the Chairman of each Board Committee. The payment of the additional fees to each Chairman recognises the additional time commitment and responsibility associated with the position. Non-executive directors do not receive equity as a form of payment.

As highlighted on page 15, the Centuria structure, whilst not unique, comprises multiple operating entities, both listed and unlisted. These include CNI, COF, CIP, Centuria Life, Centuria Healthcare, Centuria New Zealand, Centuria Bass Credit and Primewest. Each Board of these entities has specific requirements and obligations. In recognition of the complexity of the Group, the multiple entities and in the interests of good governance and transparency, the Group has adopted a new Directors' fees schedule which is disclosed in the table below.

The new fee schedule covers the Board and Board Committee roles across the headstock and other operating entities which the Centuria directors sit on. The fee schedule is designed to improve transparency while recognising that each board is responsible for actively overseeing the financial position and monitoring the business and affairs of the entity on behalf of the stakeholders, to whom they are accountable.

In determining the fee schedule, the non-executive director fees were benchmarked against the same peer group of S&P/ASX200 AREIT companies used to determine levels of executive committee pay. Additionally, the complexity of the overall Group and the commitment levels required by non-executive directors was considered in setting the level of fees.

**Audited remuneration report (continued)**

**Non-executive director remuneration (continued)**

*Structure (continued)*

The new fee schedule, outlined below, became effective from 1 June 2021:

<b>Director Fees' Schedule</b>		
<b>Centuria Capital Limited</b>		
Board	Chair	\$335,000
	Member	\$110,000
Audit, Risk Management & Compliance Committee	Chair	\$20,000
	Member	\$10,000
Conflicts Committee	Chair	\$50,000
	Member	\$15,000
Nomination and Remuneration Committee	Chair	-
	Member	\$10,000
Culture, People & ESG Committee	Chair	\$20,000
	Member	\$10,000
<b>Centuria Life Limited</b>		
Board	Chair	\$90,000
	Member	\$30,000
Audit Committee	Chair	-
	Member	\$10,000
Risk & Compliance Committee	Chair	-
	Member	-
Investment Committee	Chair	\$70,000
	Member	-
<b>Centuria Property Funds Limited</b>		
Board	Chair	\$110,000
	Member (i)	\$30,000 / \$45,000
Audit, Risk Management & Compliance Committee	Chair	\$15,000
	Member	\$10,000
<b>Centuria Property Funds No. 2 Limited</b>		
Board	Chair	\$115,000
	Member (i)	\$30,000 / \$45,000
Audit, Risk Management & Compliance Committee	Chair	-
	Member	\$10,000
<b>Centuria Healthcare Pty Ltd</b>		
Board	Chair	\$70,000
	Member	-
<b>Centuria Healthcare Asset Management Ltd</b>		
Board	Chair	\$50,000
	Member	\$40,000

**Note (i):** Committee members who are also Directors on the Centuria Capital Group Board are remunerated \$30,000 and all other committee members are remunerated \$45,000 (from 1 July 2021 this has increased to \$55,000).

**Audited remuneration report (continued)**

***Non-executive director remuneration (continued)***

*Related Party Transactions*

In 2020, the Board established a Conflicts Committee to assist the boards of Centuria entities when they are considering matters involving conflicts of interests. This committee is overseen by an external independent chair, being Professor Simon Rice AO. One of the key oversight roles of the Conflicts Committee is monitoring related party transactions involving board members of Centuria entities. Amongst its AREIT peers in the S&P/ASX200, Centuria is the only company to have such a committee.

Following feedback from investors and other stakeholders, a review of consulting fees paid to entities related to Board members was undertaken. Traditionally, any directors who were associated with entities that received consulting fees had their independence tested by reference to ASIC guidelines on independence and through an external review.

Every independent director has had their independence confirmed through that process. Notwithstanding that confirmed independence and compliance with all appropriate guidelines, the Board has now adopted a policy that, moving forward, as a matter of general principle, third party consultancy fees should not be paid to entities that are related to independent directors.

Accordingly, whilst there was some work that needed to be completed, from 1 June 2021, no consulting fees will be paid to entities associated with CNI directors.

During the financial year, the following transactions occurred between the Group and key management personnel:

- Wolseley Corporate Pty Ltd, a related party of Mr Garry S. Charny, was paid \$328,707 (inclusive of GST) (2020: \$556,050) for corporate advisory fees.
- Tailwind Consulting Pty Ltd, a related party of Mr John R. Slater was paid a total of \$211,977 (inclusive of GST) (2020: \$271,558) for consultancy services.

**Audited remuneration report (continued)**

*Statutory Remuneration Table to KMP and NED*

The following table discloses total remuneration of executive directors and senior management in accordance with the *Corporations Act 2001*:

		Short-term employee benefits		Post employment benefits	Other long-term benefits		Total
	Year	Salaries (\$)	Short Term Incentive (\$)	Superannuation (\$)	Long service leave (\$)	Share-based payments (\$)	\$
<b>Executive KMP</b>							
<b>Mr John E. McBain</b>	<b>2021</b>	<b>1,243,228</b>	<b>1,687,500</b>	<b>22,398</b>	<b>83,748</b>	<b>858,689</b>	<b>3,895,563</b>
	2020	1,310,732	945,000	22,397	3,151	466,609	2,747,889
<b>Mr Jason C. Huljich</b>	<b>2021</b>	<b>1,239,678</b>	<b>1,687,500</b>	<b>21,694</b>	<b>1,403</b>	<b>840,072</b>	<b>3,790,347</b>
	2020	1,307,092	945,000	21,003	19,703	399,961	2,692,759
<b>Mr Simon W. Holt</b>	<b>2021</b>	<b>656,066</b>	<b>643,500</b>	<b>21,694</b>	<b>59,642</b>	<b>311,886</b>	<b>1,692,788</b>
	2020	686,550	436,150	21,003	-	169,260	1,312,963
<b>Non-Executive KMP</b>							
<b>Mr Garry S. Charny</b>	<b>2021</b>	<b>309,767</b>	-	<b>28,043</b>	-	-	<b>337,810</b>
	2020	235,777	-	20,849	-	-	256,626
<b>Mr Peter J. Done</b>	<b>2021</b>	<b>190,351</b>	-	<b>6,997</b>	-	-	<b>197,348</b>
	2020	196,324	-	8,977	-	-	205,301
<b>Mr John R. Slater</b>	<b>2021</b>	<b>146,045</b>	-	<b>13,874</b>	-	-	<b>159,919</b>
	2020	135,409	-	12,864	-	-	148,273
<b>Ms Susan Wheeldon</b>	<b>2021</b>	<b>97,528</b>	-	<b>9,265</b>	-	-	<b>106,793</b>
	2020	99,995	-	9,499	-	-	109,494
<b>Mr Nicholas R. Collishaw</b>	<b>2021</b>	<b>183,459</b>	-	<b>17,429</b>	-	-	<b>200,888</b>
Note (i)	2020	124,993	-	11,874	-	77,783	214,650
<b>Ms Kristie Brown</b>	<b>2021</b>	<b>35,476</b>	-	<b>3,370</b>	-	-	<b>38,846</b>
Note (ii)	2020	-	-	-	-	-	-
<b>Total</b>	<b>2021</b>	<b>4,101,598</b>	<b>4,018,500</b>	<b>144,764</b>	<b>144,793</b>	<b>2,010,647</b>	<b>10,420,302</b>
	2020	4,096,872	2,326,150	128,466	22,854	1,113,613	7,687,955

**Audited remuneration report (continued)***Statutory Remuneration Table to KMP and NED (continued)*

**Note (i):** Mr Collishaw's role changed from Executive Director and CEO - Listed Property Funds to Non-Executive Director effective 1 January 2018. Mr Collishaw's share based payment amount relates to expense recognised on performance rights granted to him under Tranche 5 while he was still employed as an Executive Director. Since 1 January 2018, Nick Collishaw has received neither consulting fees or salary payments for executive duties as he ceased employment as an executive.

**Note (ii):** Ms Kristie Brown was appointed to the Board on 15 February 2021.

**Director and senior management equity holdings and other transactions***Director and senior management equity holdings*

Set out below are details of movements in fully paid ordinary shares held by directors and senior management as at the date of this report.

Name	Balance at 1 July 2020	Movement	Balance at 30 June 2021	Changes prior to signing	Balance at signing date
Mr Garry S. Charny	369,676	37,077	<b>406,753</b>	-	<b>406,753</b>
Mr Peter J. Done	1,328,982	177,200	<b>1,506,182</b>	-	<b>1,506,182</b>
Mr John R. Slater	3,038,570	72,107	<b>3,110,677</b>	-	<b>3,110,677</b>
Ms Susan Wheeldon	-	-	-	-	-
Ms Kristie Brown	-	-	-	-	-
Mr Nicholas R. Collishaw	3,861,523	498,514	<b>4,360,037</b>	-	<b>4,360,037</b>
Mr John E. McBain	6,441,053	603,049	<b>7,044,102</b>	18,382	<b>7,062,484</b>
Mr Jason C. Huljich	3,718,114	1,571,498	<b>5,289,612</b>	-	<b>5,289,612</b>
Mr Simon W. Holt	511,036	266,853	<b>777,889</b>	-	<b>777,889</b>

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



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
11 August 2021



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Centuria Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Centuria Capital Group for the financial year ended 30 June 2021 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Paul Thomas

*Partner*

Sydney

11 August 2021

# Centuria Capital Group

ABN 22 095 454 336

## Financial report 30 June 2021

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# Consolidated statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue	B1, B2	228,932	162,373
Share of net profit of equity accounted investments	E1	3,070	8,310
Net movement in policyholder liability		5,788	34,445
Fair value movements of financial instruments and property		103,929	(48,280)
Expenses	B3	(111,185)	(97,723)
Cost of Sales		(44,679)	(17,320)
Finance costs	B4	(20,289)	(18,602)
<b>Profit before tax</b>		<b>165,566</b>	<b>23,203</b>
Income tax expense	B5	(15,927)	(1,116)
<b>Profit after tax</b>		<b>149,639</b>	<b>22,087</b>
<b>Profit after tax is attributable to:</b>			
Centuria Capital Limited		23,431	20,956
Centuria Capital Fund (non-controlling interests)		120,025	149
External non-controlling interests		6,183	982
<b>Profit after tax</b>		<b>149,639</b>	<b>22,087</b>
Foreign currency translation reserve		(757)	(421)
<b>Total comprehensive income for the year</b>		<b>148,882</b>	<b>21,666</b>
<b>Total comprehensive income for the year is attributable to:</b>			
Centuria Capital Limited		22,674	20,535
Centuria Capital Fund (non-controlling interests)		120,025	149
External non-controlling interests		6,183	982
<b>Total comprehensive income</b>		<b>148,882</b>	<b>21,666</b>
<b>Profit after tax attributable to:</b>			
Centuria Capital Limited		23,431	20,956
Centuria Capital Fund (non-controlling interests)		120,025	149
<b>Profit after tax attributable to Centuria Capital Group securityholders</b>		<b>143,456</b>	<b>21,105</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earning per Centuria Capital Group security</b>			
Basic (cents per stapled security)	B6	24.6	4.7
Diluted (cents per stapled security)	B6	24.2	4.6
<b>Earnings per Centuria Capital Limited share</b>			
Basic (cents per share)		4.0	4.7
Diluted (cents per share)		4.0	4.5

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

# Consolidated statement of financial position

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash and cash equivalents	D2	273,351	174,458
Receivables	C2	127,197	68,729
Income tax receivable	B5(b)	977	755
Financial assets	C3	990,524	773,417
Other assets		8,679	10,795
Investment properties held for sale		-	861
Property held for development	C5	53,744	31,295
Deferred tax assets	B5(c)	42,526	39,519
Equity accounted investments	E1	55,637	32,955
Investment properties	C4	208,140	167,110
Right of use asset	C9	19,947	21,393
Intangible assets	C6	790,551	280,120
<b>Total assets</b>		<b>2,571,273</b>	<b>1,601,407</b>
Payables	C7	88,675	76,532
Provisions		4,077	2,201
Borrowings	C8	426,642	265,051
Provision for income tax	B5(b)	1,764	5,998
Interest rate swaps at fair value		31,205	33,388
Benefit Funds policyholder's liability		303,650	311,535
Call/Put option liability		22,690	17,167
Deferred tax liabilities	B5(c)	100,572	35,825
Lease liability	C9	21,757	22,564
<b>Total liabilities</b>		<b>1,001,032</b>	<b>770,261</b>
<b>Net assets</b>		<b>1,570,241</b>	<b>831,146</b>
<b>Equity</b>			
<b>Equity attributable to Centuria Capital Limited</b>			
Contributed equity	C10	386,634	177,149
Reserves		3,720	2,901
Retained earnings		283,058	17,074
<b>Total equity attributable to Centuria Capital Limited</b>		<b>673,412</b>	<b>197,124</b>
<b>Equity attributable to Centuria Capital Fund (non-controlling interests)</b>			
Contributed equity	C10	1,018,822	545,744
Retained earnings		(183,970)	(9,771)
<b>Total equity attributable to Centuria Capital Fund (non-controlling interests)</b>		<b>834,852</b>	<b>535,973</b>
<b>Total equity attributable to Centuria Capital Group securityholders</b>		<b>1,508,264</b>	<b>733,097</b>
<b>Equity attributable to external non-controlling interests</b>			
Contributed equity		31,781	57,230
Retained earnings		30,196	40,819
<b>Total equity attributable to external non-controlling interests</b>		<b>61,977</b>	<b>98,049</b>
<b>Total equity</b>		<b>1,570,241</b>	<b>831,146</b>

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

# Consolidated statement of changes in equity

For the year ended 30 June 2021

	Centuria Capital Limited			Centuria Capital Fund (non-controlling interests)				External non-controlling interests				
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000	Total attributable to Centuria Capital Group Securityholders \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000	Total equity \$'000
<b>Balance at 1 July 2020</b>	177,149	2,901	17,074	197,124	545,744	(9,771)	535,973	733,097	57,230	40,819	98,049	831,146
Profit for the year	-	-	23,431	23,431	-	120,025	120,025	<b>143,456</b>	-	6,183	6,183	<b>149,639</b>
Foreign currency translation reserve	-	(757)	-	(757)	-	-	-	<b>(757)</b>	-	-	-	<b>(757)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(757)</b>	<b>23,431</b>	<b>22,674</b>	<b>-</b>	<b>120,025</b>	<b>120,025</b>	<b>142,699</b>	<b>-</b>	<b>6,183</b>	<b>6,183</b>	<b>148,882</b>
Acquisition of subsidiaries with Non-controlling interests	-	-	-	-	-	-	-	-	18,992	(917)	18,075	<b>18,075</b>
Transactions with owners in their capacity as owners	-	-	2,671	2,671	-	5,685	5,685	<b>8,356</b>	-	-	-	<b>8,356</b>
Equity settled share based payments expense	1,482	1,576	-	3,058	-	-	-	<b>3,058</b>	-	-	-	<b>3,058</b>
Dividends and distributions paid/accrued	-	-	(19,808)	(19,808)	-	(40,219)	(40,219)	<b>(60,027)</b>	-	(3,295)	(3,295)	<b>(63,322)</b>
Securities issued	209,208	-	-	209,208	475,185	-	475,185	<b>684,393</b>	-	-	-	<b>684,393</b>
Cost of equity raising	(1,205)	-	-	(1,205)	(2,107)	-	(2,107)	<b>(3,312)</b>	-	-	-	<b>(3,312)</b>
Fair value differential on acquisition (impact of transaction as part of stapled group)	-	-	259,690	259,690	-	(259,690)	(259,690)	-	-	-	-	-
Purchase of external non-controlling interests	-	-	-	-	-	-	-	-	(42,982)	(13,387)	(56,369)	<b>(56,369)</b>
Deconsolidation of controlled property funds	-	-	-	-	-	-	-	-	(1,459)	793	(666)	<b>(666)</b>
<b>Balance at 30 June 2021</b>	<b>386,634</b>	<b>3,720</b>	<b>283,058</b>	<b>673,412</b>	<b>1,018,822</b>	<b>(183,970)</b>	<b>834,852</b>	<b>1,508,264</b>	<b>31,781</b>	<b>30,196</b>	<b>61,977</b>	<b>1,570,241</b>

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

## Consolidated statement of changes in equity

For the year ended 30 June 2021

	Centuria Capital Limited				Centuria Capital Fund (non-controlling interests)			Total attributable to Centuria Capital Group securityholders \$'000	External non-controlling interests			Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000		Contributed equity \$'000	Retained earnings \$'000	Total \$'000	
<b>Balance at 1 July 2019</b>	128,164	2,101	12,438	142,703	343,438	19,067	362,505	505,208	32,927	13,233	46,160	551,368
Profit for the year	-	-	20,956	20,956	-	149	149	<b>21,105</b>	-	982	982	<b>22,087</b>
Foreign currency translation reserve	-	(421)	-	(421)	-	-	-	<b>(421)</b>	-	-	-	<b>(421)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(421)</b>	<b>20,956</b>	<b>20,535</b>	<b>-</b>	<b>149</b>	<b>149</b>	<b>20,684</b>	<b>-</b>	<b>982</b>	<b>982</b>	<b>21,666</b>
Acquisition of subsidiaries with Non-controlling interests	-	-	-	-	-	-	-	-	42,982	13,386	56,368	<b>56,368</b>
Equity settled share based payments expense	795	1,221	-	2,016	-	-	-	<b>2,016</b>	-	-	-	<b>2,016</b>
Dividends and distributions paid/accrued	-	-	(16,320)	(16,320)	-	(28,987)	(28,987)	<b>(45,307)</b>	-	(3,375)	(3,375)	<b>(48,682)</b>
Stapled securities issued	49,845	-	-	49,845	205,216	-	205,216	<b>255,061</b>	1,459	-	1,459	<b>256,520</b>
Cost of equity raising	(1,655)	-	-	(1,655)	(2,910)	-	(2,910)	<b>(4,565)</b>	-	-	-	<b>(4,565)</b>
Deconsolidation of controlled property funds	-	-	-	-	-	-	-	-	(20,138)	16,593	(3,545)	<b>(3,545)</b>
<b>Balance at 30 June 2020</b>	<b>177,149</b>	<b>2,901</b>	<b>17,074</b>	<b>197,124</b>	<b>545,744</b>	<b>(9,771)</b>	<b>535,973</b>	<b>733,097</b>	<b>57,230</b>	<b>40,819</b>	<b>98,049</b>	<b>831,146</b>

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

# Consolidated statement of cash flows

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Management fees received		110,355	75,476
Performance fees received		1,772	37,231
Rent received		15,333	19,261
Distributions received		38,832	35,083
Interest received		2,191	3,232
Payments to suppliers and employees		(135,469)	(92,582)
Cash received on development projects		42,723	-
Interest paid		(15,355)	(13,171)
Income taxes paid		(10,280)	(9,634)
Applications - Benefits Funds		15,611	20,383
Redemptions - Benefits Funds		(42,851)	(42,153)
<b>Net cash provided by operating activities</b>	D3	<b>22,862</b>	<b>33,126</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of related party investments		33,988	53,554
Purchase of investments in related parties		(128,519)	(111,831)
Repayment of loans by related parties		3,750	11,800
Loans to related parties		(31,216)	(11,800)
Loans repaid by other parties		6,702	-
Proceeds from sale of investment property		861	23,500
Payments in relation to investment properties		-	(21,108)
Purchase of equity accounted investments		(26,089)	(14,102)
Disposal of equity accounted investments		5,000	-
Purchase of other investments		-	(6,115)
Payments for property, plant and equipment		(3,343)	(522)
Cash balance on acquisition of subsidiaries		105,308	15,773
Purchase of subsidiaries		(104,996)	(40,852)
Collections from reverse mortgage holders		888	1,646
Purchase of property held for development		(22,621)	(1,295)
Benefit Funds net disposals of investments in financial assets		21,319	6,764
Return of investment to external non-controlling interests		(356)	(4,230)
<b>Net cash used in investing activities</b>		<b>(139,324)</b>	<b>(98,818)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of securities to securityholders of Centuria Capital Group		133,073	205,736
Equity raising costs paid		(2,611)	(4,317)
Proceeds from borrowings		242,616	6,549
Repayment of borrowings		(98,645)	(49,887)
Capitalised borrowing costs paid		(4,877)	(1,311)
Distributions paid to securityholders of Centuria Capital Group		(52,124)	(39,377)
Proceeds from issues of securities to external non-controlling interests		1,376	1,459
Distributions paid to external non-controlling interests		(3,227)	(3,375)
<b>Net cash provided by financing activities</b>		<b>215,581</b>	<b>115,477</b>
<b>Net increase in cash and cash equivalents</b>		<b>99,119</b>	<b>49,785</b>
Cash and cash equivalents at the beginning of the financial year		174,458	124,673
Effects of exchange rate changes on cash and cash equivalents		(226)	-
<b>Cash and cash equivalents at end of year</b>		<b>273,351</b>	<b>174,458</b>

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

# A About the report

## A1 General information

The shares in Centuria Capital Limited, (the 'Company') and the units in Centuria Capital Fund ('CCF') are stapled and trade together as a single stapled security ('Stapled Security') on the ASX as 'Centuria Capital Group' (the 'Group') under the ticker code 'CNI'.

The Group is a for-profit entity and its principal activities are the marketing and management of investment products including property investment funds and friendly society investment bonds, as well as co-investments in property investment funds.

### Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements of the Group comprising the Company (as 'Parent') and its controlled entities for the year ended 30 June 2021 were authorised for issue by the Group's Board of Directors on 11 August 2021.

### Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for financial assets at fair value through profit and loss, other financial assets, investment properties and derivative financial instruments which have been measured at fair value at the end of each reporting period. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the company's functional currency, unless otherwise noted.

Assets and liabilities have been presented on the face of the statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items.

### Going concern

The financial report has been prepared on a going-concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The COVID-19 pandemic has created uncertainty on the global and local financial markets and may impact on the ability of funds managed by the Group to meet their obligations. The Group has completed an extensive assessment on key investments and receivables and remains confident that it will be able to continue as a going concern. Refer to Note C3.

### Rounding of amounts

The Group is an entity of a kind referred to in ASIC Legislative Instrument 2016/191, related to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off, in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

### A2 Significant accounting policies

The accounting policies and methods of computation in the preparation of the consolidated financial statements are consistent with those adopted in the previous financial year ended 30 June 2020 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated financial statements.

When the presentation or classification of items in the consolidated financial statements has been amended, comparative amounts are also reclassified, unless it is impractical. Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

These financial statements contain all significant accounting policies that summarise the recognition and measurement basis used and which are relevant to provide an understanding of the financial statements. Accounting policies that are specific to a note to the financial statements are described in the note to which they relate.

#### Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in Other Comprehensive Income (OCI):

- an investment in equity securities designated as at Fair value through OCI (FVOCI) (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

#### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Australian dollar (AUD) at the exchange rate at the reporting date. The income and expenses of foreign operations are translated into AUD at the exchange rates at the date of the transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in OCI and accumulated into the translation reserve, except to the extent that the translation difference is allocated to NCI.

### A3 Other new Accounting Standards and Interpretations

The AASB has issued new or amendments to standards that are first effective from 1 July 2020.

The following amended standards and interpretations that have been adopted do not have a significant impact on the Group's consolidated financial statements.

*Standards now effective:*

#### **AASB 2018-6**

Clarifies the definition of a business as per AASB 3 Business Combinations and is applied prospectively to future acquisitions.

#### **AASB 2018-7**

Clarifies the definition of material as applied across all reporting standards as per AASB 101 Presentation of Financial Statements with intention of increasing a user's focus on the material items in a financial report.

#### **AASB 2014-10**

Clarifies the requirements for recording the sale or contribution of assets between an investor and its associate or joint venture.

*Standards not yet effective:*

#### **AASB 17 Insurance Contracts**

AASB 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of AASB 17 have on the financial position, financial performance and cash flows of the entity. The Group are currently assessing the impact of AASB 17 Insurance Contracts.

#### **AASB 2020-3**

Amendments to Australian Accounting Standards Annual Improvements 2018-2020 and Other Amendments This amendment adds to AASB 3 a requirement that, for transactions and other events within the scope of AASB 137 or IFRIC 21, an acquirer applies AASB 137 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

#### **AASB 2020-1**

Amendments to Australian Accounting Standards - Classification of liabilities as current or non-current (Amendments to AASB 101) Under existing AASB 101 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. It is expected that the changes will have minimal impact to the Group.

### A4 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense that are not readily apparent from other sources. The judgements, estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note B2 Revenue - Performance fees
- Note C4 Investment properties
- Note C6 Intangible assets
- Note F3 Financial instruments



## A5 Segment summary

As at 30 June 2021 the Group has six reportable operating segments. These reportable operating segments are the divisions which report to the Group's Joint Chief Executive Officers and Board of Directors for the purpose of resource allocation and assessment of performance.

The reported segments have changed from those disclosed in the previous financial report as a result of the growth of the developments business. Previously development business was included within Property Funds Management however has now been broken out into its own segment

The reportable operating segments are:

Operating segments	Description
Property Funds Management	Management of listed and unlisted property funds.
Co-Investments	Direct interest in property funds, properties held for development and other liquid investments
Developments	Completion of structured property developments which span sectors ranging from Commercial Office, Industrial and Health through to Affordable Housing and Residential Mixed Use. Developments is a new segment in the current year, the comparative information provided has been re-presented accordingly to conform to the current periods presentation.
Property and Development Finance	Provision of real estate secured non-bank finance for development projects, bridge finance and residual stock.
Investment Bonds Management	Management of the Benefit Funds of Centuria Life Limited and management of the Over Fifty Guardian Friendly Society Limited. The Benefit Funds include a range of financial products, including single and multi-premium investments.
Corporate	Overheads for supporting the Group's operating segments and management of a reverse mortgage lending portfolio.

In addition, the Group also provides disclosures in relation to a further four non-operating segments, which are:

Non-operating segments	Description
Non-operating items	Comprises transaction costs, mark-to-market movements in property and derivative financial instruments, share of equity accounted net profit in excess of distributions received and all other non-operating activities.
Benefit Funds	Represents the operating results and financial position of the Benefit Funds of Centuria Life Limited which are required to be consolidated in the Group's financial statements in accordance with accounting standards.
Controlled Property Funds	Represents the operating results and financial position of property funds which are managed by the group and consolidated under accounting standards. The Group's principal activities do not include direct ownership of these funds for the purpose of measuring control under accounting standards and deriving rental income. Therefore the results attributable to the controlled property funds are excluded from operating profit. However, the performance management of the controlled property funds is included in operating profit, aligned with how performance of the business is assessed by management of the Group.
Eliminations	Elimination of transactions between the operating segments and the other non-operating segments above, including transactions between the operating entities within the Group, the property funds controlled by the Group and the benefit funds.

The accounting policies of reportable segments are the same as the Group's accounting policies.

Refer below for an analysis of the Group's segment results:

- Note B1 Segment profit and loss
- Note C1 Segment balance sheet
- Note D1 Operating segment cash flows

## B Business performance

### B1 Segment profit and loss

For the year ended 30 June 2021	Notes	Property Funds Management \$'000	Co- Investments \$'000	Development \$'000	Property and development finance \$'000	Investment Bonds Management \$'000	Corporate \$'000	Operating profit \$'000	Non operating items \$'000	Benefits Funds \$'000	Controlled Property Funds \$'000	Eliminations \$'000	Statutory profit \$'000
Management fees		73,437	-	2,528	-	7,433	-	83,398	-	-	-	(3,879)	79,519
Property acquisition fees		7,881	-	-	-	-	-	7,881	-	-	-	-	7,881
Property performance fees		17,908	-	-	-	-	-	17,908	-	-	-	-	17,908
Financing Fees		420	-	-	863	-	-	1,283	(863)	-	-	-	420
Development revenue		-	-	50,271	-	-	-	50,271	-	-	-	-	50,271
Property sales fees		769	-	-	-	-	-	769	-	-	-	-	769
Interest revenue		170	830	-	-	20	2,786	3,806	-	768	-	(60)	4,514
Rental income		-	-	78	-	-	162	240	-	-	10,212	-	10,452
Recoverable outgoings		3,977	-	-	-	-	-	3,977	-	-	3,464	-	7,441
Distribution/dividend revenue		-	35,753	-	-	-	-	35,753	(1,469)	8,813	-	(2,371)	40,726
Premiums - discretionary participation features		-	-	-	-	-	-	-	-	1,441	-	-	1,441
Underwriting fees		5,090	-	-	-	-	-	5,090	-	-	-	-	5,090
Other income		-	40	12	-	552	1,736	2,340	-	73	87	-	2,500
<b>Total Revenue</b>	<b>B2</b>	<b>109,652</b>	<b>36,623</b>	<b>52,889</b>	<b>863</b>	<b>8,005</b>	<b>4,684</b>	<b>212,716</b>	<b>(2,332)</b>	<b>11,095</b>	<b>13,763</b>	<b>(6,310)</b>	<b>228,932</b>
Share of net profit of equity accounted investments	E1	-	-	-	-	-	-	-	3,070	-	-	-	3,070
Net movement in policyholder liabilities		-	-	-	-	-	-	-	-	5,788	-	-	5,788
Fair value movements of financial instruments and property		-	-	-	-	-	-	-	79,843	20,348	8,048	(4,310)	103,929
Cost of sales		-	-	(44,679)	-	-	-	(44,679)	-	-	-	-	(44,679)
Expenses	B3	(45,811)	(234)	(3,708)	(440)	(7,086)	(16,382)	(73,661)	(4,503)	(29,741)	(7,159)	3,879	(111,185)
Finance costs	B4	(1,133)	(11,168)	(6)	-	(3)	(2,578)	(14,888)	(3,262)	(3)	(2,196)	60	(20,289)
<b>Profit/(Loss) before tax</b>		<b>62,708</b>	<b>25,221</b>	<b>4,496</b>	<b>423</b>	<b>916</b>	<b>(14,276)</b>	<b>79,488</b>	<b>72,816</b>	<b>7,487</b>	<b>12,456</b>	<b>(6,681)</b>	<b>165,566</b>
Income tax benefit/(expense)	B5	(18,150)	845	(1,077)	(137)	(369)	9,611	(9,277)	837	(7,487)	-	-	(15,927)
<b>Profit/(Loss) after tax</b>		<b>44,558</b>	<b>26,066</b>	<b>3,419</b>	<b>286</b>	<b>547</b>	<b>(4,665)</b>	<b>70,211</b>	<b>73,653</b>	<b>-</b>	<b>12,456</b>	<b>(6,681)</b>	<b>149,639</b>
Profit/(loss) after tax attributable to:													
Centuria Capital Limited		44,558	4,534	3,419	286	547	(24,026)	29,318	(5,887)	-	-	-	23,431
Centuria Capital Fund		-	21,532	-	-	-	19,361	40,893	79,540	-	1,824	(2,232)	120,025
<b>Profit/(loss) after tax attributable to Centuria Capital Group securityholders</b>		<b>44,558</b>	<b>26,066</b>	<b>3,419</b>	<b>286</b>	<b>547</b>	<b>(4,665)</b>	<b>70,211</b>	<b>73,653</b>	<b>-</b>	<b>1,824</b>	<b>(2,232)</b>	<b>143,456</b>
Non-controlling interests		-	-	-	-	-	-	-	-	-	10,632	(4,449)	6,183
<b>Profit/(loss) after tax</b>		<b>44,558</b>	<b>26,066</b>	<b>3,419</b>	<b>286</b>	<b>547</b>	<b>(4,665)</b>	<b>70,211</b>	<b>73,653</b>	<b>-</b>	<b>12,456</b>	<b>(6,681)</b>	<b>149,639</b>

B1 Segment profit and loss (continued)

For the year ended 30 June 2020	Notes	Property Funds Management \$'000	Co- Investments \$'000	Development \$'000	Investment Bonds Management \$'000	Corporate \$'000	Operating profit \$'000	Non operating items \$'000	Benefits Funds \$'000	Controlled Property Funds \$'000	Eliminations \$'000	Statutory profit \$'000
Management fees		52,302	-	1,137	9,667	-	63,106	-	-	-	(6,027)	57,079
Property acquisition fees		6,854	-	-	-	-	6,854	-	-	-	-	6,854
Property performance fees		21,509	-	-	-	-	21,509	-	-	-	-	21,509
Development revenue		-	-	19,075	-	-	19,075	-	-	-	-	19,075
Property sales fees		2,919	-	-	-	-	2,919	-	-	20	-	2,939
Interest revenue		259	445	-	42	2,851	3,597	-	2,353	22	(131)	5,841
Rental income		429	-	-	-	394	823	-	-	12,691	-	13,514
Recoverable outgoings		-	-	-	-	-	-	-	-	3,747	-	3,747
Distribution/dividend revenue		-	31,785	-	-	-	31,785	(6,363)	5,188	-	(2,757)	27,853
Premiums - discretionary participation features		-	-	-	-	-	-	-	1,750	-	-	1,750
Other income		121	-	444	416	1,066	2,047	-	99	66	-	2,212
<b>Total revenue</b>		<b>84,393</b>	<b>32,230</b>	<b>20,656</b>	<b>10,125</b>	<b>4,311</b>	<b>151,715</b>	<b>(6,363)</b>	<b>9,390</b>	<b>16,546</b>	<b>(8,915)</b>	<b>162,373</b>
Share of net profit of equity accounted investments	E1	-	-	-	-	-	-	7,849	461	-	-	8,310
Net movement in policyholder liabilities		-	-	-	-	-	-	-	34,445	-	-	34,445
Fair value movements of financial instruments and property		-	-	-	-	-	-	(34,837)	(13,383)	(6,165)	6,105	(48,280)
Expenses	B3	(30,217)	(117)	(1,537)	(7,581)	(14,696)	(54,148)	(6,758)	(34,229)	(8,614)	6,026	(97,723)
Cost of sales		-	-	(17,320)	-	-	(17,320)	-	-	-	-	(17,320)
Finance costs	B4	(11)	(12,522)	-	(3)	(1,873)	(14,409)	(1,229)	(5)	(3,090)	131	(18,602)
<b>Profit/(Loss) before tax</b>		<b>54,165</b>	<b>19,591</b>	<b>1,799</b>	<b>2,541</b>	<b>(12,258)</b>	<b>65,838</b>	<b>(41,338)</b>	<b>(3,321)</b>	<b>(1,323)</b>	<b>3,347</b>	<b>23,203</b>
Income tax benefit/(expense)	B5	(17,879)	(425)	(567)	(831)	7,117	(12,585)	8,148	3,321	-	-	(1,116)
<b>Profit/(Loss) after tax</b>		<b>36,286</b>	<b>19,166</b>	<b>1,232</b>	<b>1,710</b>	<b>(5,141)</b>	<b>53,253</b>	<b>(33,190)</b>	<b>-</b>	<b>(1,323)</b>	<b>3,347</b>	<b>22,087</b>
Profit/(loss) after tax attributable to:												
Centuria Capital Limited		36,286	568	1,232	1,710	(15,822)	23,974	(3,018)	-	-	-	20,956
Centuria Capital Fund		-	18,598	-	-	10,681	29,279	(30,172)	-	-	1,042	149
Profit/(loss) after tax attributable to Centuria Capital Group securityholders		<b>36,286</b>	<b>19,166</b>	<b>1,232</b>	<b>1,710</b>	<b>(5,141)</b>	<b>53,253</b>	<b>(33,190)</b>	<b>-</b>	<b>-</b>	<b>1,042</b>	<b>21,105</b>
Non-controlling interests		-	-	-	-	-	-	-	-	(1,323)	2,305	982
<b>Profit/(loss) after tax</b>		<b>36,286</b>	<b>19,166</b>	<b>1,232</b>	<b>1,710</b>	<b>(5,141)</b>	<b>53,253</b>	<b>(33,190)</b>	<b>-</b>	<b>(1,323)</b>	<b>3,347</b>	<b>22,087</b>

## B2 Revenue

Revenue has been disaggregated in the segment profit and loss in Note B1.

### (a) Recognition and measurement

Type of revenue	Description	Revenue recognition policy
Management fees	The Group provides:	
	a) fund management services to property funds in accordance with the fund constitutions. The services are provided on an ongoing basis and revenue is calculated and recognised in accordance with the relevant constitution. The fees are invoiced and paid monthly in arrears.	Over-time
	b) property management services to the owners of property assets in accordance with property services agreements. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements.	Over-time
	c) lease management services to the owners. The revenue is recognised when the specific service is delivered (e.g. on lease execution) and consideration is due 30 days from invoice date.	Point-in-time
	d) short-term development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated in accordance with the specific agreement and invoiced in accordance with the contract terms. Consideration is due from the customer based on the specific terms agreed in the contract and is recognised when the Company has control of the benefit.	Point-in-time
Distribution/dividend revenue	Distribution/dividend revenue from investments is recognised when the shareholder's right to receive payment.	Point-in-time
Interest Revenue	Interest revenue is accrued on an over-time by reference to the principal outstanding using the effective interest rate.	Over-time
Rental Income	Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease.	Over-time

## B2 Revenue (continued)

### (a) Recognition and measurement (continued)

Type of revenue	Description	Revenue recognition policy
Performance fees	<p>The Group receives a performance fee for providing management services where the property fund outperforms a set internal rate of return (IRR) benchmark at the time the property is sold. Consideration is due upon successful sale of the investment property if the performance hurdles are satisfied.</p> <p>In measuring the performance fees to be recognised each period, consideration is given to the facts and circumstances with respect to each investment property including external factors such as its current valuation, passage of time and outlook of the property market.</p> <p>Performance fees are only recognised when they are deemed to be highly probable and the amount of the performance fees will not result in a significant reversal in future periods.</p> <p>The Group's performance fees are recognised over-time under AASB 15 Revenue from Contracts with Customers.</p> <p>The key assumptions made in estimating the amount of performance fee revenue that is highly probable include:</p> <p><b>&gt;2 years from forecast fund end date:</b></p> <p>It is assumed that the highly probable threshold is only met when the forecast end date of the fund is within two years from balance date. The forecast end date is generally based on the relevant fund end date as expressed in the relevant PDS or a revised fund end date in the event that an alternative strategy is undertaken by the Group, in which case the unbooked portion of any forecast performance fees are recognised over the extended term of the fund. In instances where the fund term is extended beyond two years from the reporting date and the Group has already accrued a performance fee in prior periods, the Group will continue to accrue any additional fee over the extended remaining period.</p> <p><b>Probability thresholds for sensitivity to property valuations:</b></p> <p>The level of constraint applied to performance fee revenue is adjusted depending on remaining fund tenure. Specifically, a discount in property values between 10.0% to 20.0% is applied, depending on when in the two-year window the fund is expected to wind up. In instances where the fund term is extended beyond two years from the reporting date and the Group has already accrued a performance fee in prior periods, a discount in property values between 2.5% to 10.0% is applied depending on the remaining fund term as it is assumed the fund term extension was on the basis that fund performance can be further enhanced, thereby reducing the risk of valuation decrements and increasing the likelihood of achieving the full performance fee.</p> <p><b>Fair value of investment properties:</b></p> <p>The fair value of investment properties is based on the latest available valuation of the underlying property from the published financial statements or board approved valuations.</p>	Over-time
Recoverable outgoings	The Group recovers the costs associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements. These are invoiced monthly based on an annual estimate. The consideration is due 30 days from invoice date. Should any adjustment be required based on actual costs incurred, this is recognised in the statement of financial performance within the same reporting period and billed annually.	Over-time
Property acquisition fees	The Group provides property acquisition related services to property funds and the revenue is based on a fixed percentage included in the PDS issued at the establishment of the fund. The consideration is due upon successful settlement of the investment property.	Point-in-time
Property sales fees	The Group provides sales services to the owners of property assets in accordance with property management agreements. The consideration is due upon successful sale of the investment property.	Point-in-time
Development revenue	In 2019, the Group entered into agreements to develop four social affordable housing dwellings in the greater Newcastle, NSW area. The Group recognises development revenue based on satisfaction of performance obligations on an over-time basis as its customers control the land on which the developments are being delivered.	Over-time

## Business performance

### B2 Revenue (continued)

#### (b) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Recognised in 2021	Unrecognised performance obligations 2021	Recognised in 2020	Unrecognised performance obligations 2020
	\$'000	\$'000	\$'000	\$'000
Property performance fees*	17,908	21,388	21,509	2,334
Development revenue	49,664	2,280	19,075	53,239
Management fees**	22,308	86,544	11,964	38,654

\* The underlying property funds managed by the Group have accrued total performance fees of \$45,613,000 as at 30 June 2021. Based on the assumptions outlined in B2(a), the total estimated amount of performance fees available to the Group to recognise in the future is \$21,388,000.

\*\* Only relates to unlisted property funds management fees which have defined fund terms.

#### (c) Transactions with related parties

Management fees are charged to related parties in accordance with the respective trust deeds and management agreements.

	2021 \$	2020 \$
Management fees from Property Funds managed by Centuria	75,021,656	52,412,451
Distributions from Property Funds managed by Centuria	31,620,548	18,362,378
Performance fees from Property Funds managed by Centuria	17,908,370	21,508,771
Property acquisition fees from Property Funds managed by Centuria	7,881,250	6,854,484
Management fees from Over Fifty Guardian Friendly Society	3,725,242	4,474,097
Fees from Debt funds managed by Centuria	582,098	408,358
Sales fees from Property Funds managed by Centuria	769,175	2,938,640
Interest income on loans to Property Funds managed by Centuria	701,934	229,297
Interest from Debt Funds managed by Centuria	1,194,002	-
Underwriting fees in relation to Property Funds managed by Centuria	5,089,589	-
	<b>144,493,864</b>	<b>107,188,476</b>

#### *Terms and conditions of transactions with related parties*

Investments in property funds and benefit funds held by certain directors and director-related entities are made on the same terms and conditions as all other investors and policyholders. Directors and director-related entities receive the same returns on these investments as all other investors and policyholders.

The Group pays some expenses on behalf of related entities and receives a reimbursement for those payments.

## Business performance

### B3 Expenses

	2021 \$'000	2020 \$'000
Employee benefits expense	49,410	33,653
Consulting and professional fees	4,077	4,964
Property outgoings and fund expenses	5,652	6,601
Transaction costs	5,220	6,125
Administration fees	1,943	2,220
Cost of sales - development	44,679	17,320
Claims - discretionary participation features	26,804	29,209
Property management fees paid	4,168	2,810
Other expenses	10,180	9,198
Depreciation Expense	3,731	2,943
	<b>155,864</b>	<b>115,043</b>

#### (a) Transactions with key management personnel

##### (i) Transactions with directors

For transactions with directors, refer to details included in the Audited remuneration report on page 14.

##### (ii) Key management personnel compensation

The aggregate compensation paid to key management personnel of the Group is set out below:

	2021 \$	2020 \$
Short-term employee benefits	8,120,098	6,423,022
Post-employment benefits	144,764	128,467
Other long-term employment benefits	144,793	22,854
Share-based payments	2,010,647	1,113,613
	<b>10,420,302</b>	<b>7,687,956</b>

Detailed information on key management personnel is included in the Audited remuneration report.

### B4 Finance costs

	2021 \$'000	2020 \$'000
Operating interest charges	12,497	11,595
Bank loans in Controlled Property Funds interest charges	2,196	3,090
Reverse mortgage facility interest charges	2,334	2,093
Loss/(gain) on derivatives on fair value hedges	8,080	4,667
(Gain)/loss on financial assets fair value hedges	(8,080)	(4,667)
Other finance costs	2,139	595
Finance lease interest	1,123	1,229
	<b>20,289</b>	<b>18,602</b>

#### Recognition and measurement

The Group's finance costs include:

- interest expense recognised using the effective interest method; and
- the net gain or loss on hedging instruments that are recognised in profit or loss.

## B5 Taxation

	2021 \$'000	2020 \$'000
Current tax expense in respect of the current year	7,048	14,310
Adjustments to current tax in relation to prior years	61	3,211
	<u>7,109</u>	<u>17,521</u>
Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences	8,904	(13,687)
Adjustments to deferred tax in relation to prior years	(86)	(2,439)
Adjustments to deferred tax in relation to tax rate adjustments	-	(279)
<b>Income tax expense</b>	<u>15,927</u>	<u>1,116</u>

### (a) Reconciliation of income tax expense

The prima facie income tax expense on profit before income tax reconciles to the income tax expense in the consolidated financial statements as follows:

	2021 \$'000	2020 \$'000
Profit before tax	165,566	23,203
Less: profit not subject to income tax	<u>(114,680)</u>	<u>(2,283)</u>
	50,886	20,920
Income tax expense calculated at 30%	15,266	6,276
Add/(deduct) tax effect of amounts which are not deductible/(assessable)		
Tax offset for franked dividends	(389)	(227)
Reversal of prior year equity accounted contribution	-	(6,000)
Non-allowable expenses - other	1,007	844
Utilisation of capital losses	-	(550)
Adjustments to income tax expense in relation to prior years	(26)	773
Effects of different tax rates of subsidiaries operating in other jurisdictions	69	-
<b>Income tax expense</b>	<u>15,927</u>	<u>1,116</u>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable for Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. Taxable income derived for New Zealand tax purposes is at the tax rate of 28%.

### (b) Current tax assets and liabilities

	2021 \$'000	2020 \$'000
<b>Current tax assets/(liabilities) attributable to:</b>		
Income tax payable - Australia	(996)	(3,064)
Income tax receivable - New Zealand	977	755
Income tax payable to benefit fund policy holders	<u>(768)</u>	<u>(2,934)</u>
	<u>(787)</u>	<u>(5,243)</u>



## Business performance

### B5 Taxation (continued)

#### (c) Movement of deferred tax balances

Financial year ended 30 June 2021	Opening balance \$'000	Movement \$'000	Closing balance \$'000
<b>Deferred tax assets</b>			
Provisions	2,164	1,334	3,498
Transaction costs	3,762	625	4,387
Capital losses	25,128	(347)	24,781
Revenue tax losses	1,118	1,825	2,943
Financial derivatives	2,757	(438)	2,319
Property held for development	3,964	(22)	3,942
Right of use asset/Lease liability	103	(55)	48
Equity accounted investment	523	-	523
Other	-	85	85
	<b>39,519</b>	<b>3,007</b>	<b>42,526</b>
<b>Deferred tax liabilities</b>			
Indefinite life management rights	(33,253)	(53,425)	(86,678)
Accrued performance fees	(1,498)	(4,847)	(6,345)
Accrued income	(290)	(62)	(352)
Unrealised gain/(loss) on financial assets	(381)	(6,413)	(6,794)
Other	(403)	-	(403)
	<b>(35,825)</b>	<b>(64,747)</b>	<b>(100,572)</b>
<b>Financial year ended 30 June 2020</b>	<b>Opening balance \$'000</b>	<b>Movement \$'000</b>	<b>Closing balance \$'000</b>
<b>Deferred tax assets</b>			
Provisions	1,560	604	2,164
Transaction costs	-	3,762	3,762
Capital losses	26,792	(1,664)	25,128
Financial derivatives	-	2,757	2,757
Revenue tax losses	4,021	(2,903)	1,118
Property held for development	-	3,964	3,964
Right of use asset/Lease liability	-	103	103
Equity accounted investment	-	523	523
	<b>32,373</b>	<b>7,146</b>	<b>39,519</b>
<b>Deferred tax liabilities</b>			
Indefinite life management rights	(27,638)	(5,615)	(33,253)
Accrued performance fees	(6,115)	4,617	(1,498)
Accrued income	(290)	-	(290)
Unrealised gain/(loss) on financial assets	(1,432)	1,051	(381)
Other	(138)	(265)	(403)
Financial derivatives	(2,521)	2,521	-
Transaction costs	(4,733)	4,733	-
	<b>(42,867)</b>	<b>7,042</b>	<b>(35,825)</b>

**B5 Taxation (continued)****Recognition and measurement**

Income tax expense represents the sum of the tax currently payable and payable on a deferred basis.

**(i) Current tax**

The tax currently payable is based on taxable income for the year. Taxable income differs from profit as reported in the consolidated profit or loss because of items of income or expense that are assessable or deductible in other years as well as items that are never assessable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases.

Deferred tax liabilities are generally recognised for all assessable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that it is probable that sufficient future taxable profits will be available to utilise them.

However, deferred tax assets and liabilities are not recognised for:

- assessable temporary differences that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination which affects neither taxable income nor accounting profit;
- assessable temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- assessable temporary differences arising from goodwill

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The applicable rates are 30% for deferred tax assets and liabilities arising to the Australian subsidiaries of the Company and 28% for deferred tax asset and liabilities arising to the New Zealand subsidiaries of the Company. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**(iii) Tax consolidation**

The Company and all its wholly-owned Australian resident subsidiaries are part of a tax consolidated group under Australian taxation law. The Company is the head company of the tax consolidated group. Tax expense/benefit, deferred tax assets and deferred tax liabilities arising from temporary differences of the members of the tax consolidated group are recognised in their separate financial statements using a 'standalone taxpayer' approach. Under the tax funding agreement between members of the tax consolidated group, amounts are recognised as payable to or receivable by each member in relation to the tax contribution amounts paid or payable between the Company and the members of the the tax consolidated group.

The Benefit Funds are part of the tax consolidated group, and they are allocated a share of the income tax liability attributable to Centuria Life Limited equal to the income tax liability that would have arisen to the Benefit Funds had they been stand-alone entities.

Centuria Capital Fund ('CCF') and its sub-trusts are not part of the tax consolidated group. Under current Australian income tax legislation, trusts are not liable for income tax, provided their securityholders are presently entitled to the net (taxable) income of the trust including realised capital gains, each financial year.

## B5 Taxation (continued)

### Recognition and measurement (continued)

#### (iii) Tax consolidation (continued)

Primewest Group Limited (Primewst Group) is not a wholly-owned subsidiary of the Company for tax purposes at 30 June 2021 and is its own tax consolidated group at 30 June 2021. Primewest Group's tax rate was 27.5% prior to the company's acquisition of Primewest Group Limited. The tax rate was increased to 30% retrospectively on the date of acquisition in accordance with Australian tax legislation. Subsequent to the year-ended 30 June 2021, Primewest Group formed part of the Company's consolidated tax group as a result of the Company acquiring the remaining interest post year-end.

Centuria Healthcare Pty Ltd ('Centuria Healthcare') is not a wholly-owned subsidiary of the Company at 30 June 2021. Centuria Healthcare has formed its own tax consolidated group with its wholly-owned subsidiaries at 30 June 2021. Centuria Healthcare is the head company of the Centuria Healthcare tax consolidated group. Tax expense/benefit, deferred tax assets and deferred tax liabilities arising from temporary differences of the members of the tax consolidated group are recognised in their separate financial statements using a 'standalone taxpayer' approach. As no tax funding agreement existed at 30 June 2021 between the members of the tax consolidated group, any amounts payable or receivable in relation to the tax contribution for each entity is recognised as a contribution of capital with the head company of the tax consolidated group.

The New Zealand tax resident subsidiaries of the Company are all stand-alone taxpayers from a New Zealand income tax perspective as they have not elected to form a consolidated group for New Zealand tax purposes.

#### (iv) Current and deferred tax for the period

Income taxes relating to items recognised directly in equity are recognised directly in equity and not in the statement of comprehensive income. In the case of a business combination, the tax effect is included in the accounting for the business combination.

## B6 Earnings per security

	2021 Cents	2020 Cents
Basic (cents per stapled security)	24.6	4.7
Diluted (cents per stapled security)	24.2	4.6

The earnings used in the calculation of basic and diluted earnings per security is the profit for the year attributable to Centuria Capital Group securityholders as reported in the consolidated statement of comprehensive Income.

The weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security is as follows:

	2021	2020
Weighted average number of ordinary securities (basic)	584,215,946	444,644,883
Weighted average number of ordinary securities (diluted) <sup>(i)</sup>	591,683,198	460,824,844

<sup>(i)</sup> The weighted average number of ordinary securities used in the calculation of diluted earnings per security is determined as if 30 June 2021 was the end of the performance period of the grants of Rights under the LTI Plan. All Rights that would have vested if 30 June 2021 was the end of the performance period are deemed to have been issued at the start of the financial year.

## B7 Dividends and distributions

	2021		2020	
	Cents per security	Total \$'000	Cents per security	Total \$'000
<b>Dividends/distributions paid during the year</b>				
Final year-end dividend (fully franked)	1.80	8,690	0.50	1,918
Final year-end distribution	3.40	16,420	4.50	17,262
Interim dividend (fully franked)	1.20	7,203	1.70	7,630
Interim distribution	3.30	19,811	2.80	12,567
<b>Dividends/distributions declared during the year</b>				
Final dividend (fully franked) <sup>(i)</sup>	2.10	12,605	1.80	8,690
Final distribution <sup>(i)</sup>	3.40	20,408	3.40	16,420

<sup>(i)</sup> The Group declared a final dividend/distribution in respect of the year ended 30 June 2021 of 5.5 cents per stapled security which included a fully franked dividend of 2.1 cents per share and a trust distribution of 3.4 cents per unit. The final dividend had a record date of 25 May 2021 and was paid on 30 July 2021. The total amount paid of \$33,013,000 (2020: \$25,110,000) has been provided for as a liability in these financial statements.

<sup>(ii)</sup> In addition to the dividends and distributions paid to Group securityholders, the Group paid distributions of \$3,295,000 (2020: \$3,375,000) to external non-controlling interests and has a distribution payable of \$11,500,000 to Primewest Group securityholders.

### (a) Franking credits

	2021 \$'000	2020 \$'000
Amount of franking credits available to shareholders of the Company <sup>(i)</sup>	<u>11,297</u>	<u>10,427</u>

<sup>(i)</sup> Before taking into account the impact of the final dividend paid on 30 July 2021.

Of the franking credit balance of \$11,297,000 at 30 June 2021, \$3,758,000 relates to the Centuria Capital Limited tax consolidated group, \$3,162,000 relates to the Centuria Healthcare tax consolidated group and \$4,377,000 relates to the Primewest tax consolidated group.

## C Assets and liabilities

### C1 Segment balance sheet

As at 30 June 2021	Notes	Property Funds Management \$'000	Co- Investments \$'000	Development \$'000	Property and development finance \$'000	Investment Bonds Management \$'000	Corporate \$'000	Operating balance sheet \$'000	Benefits Funds \$'000	Controlled Property Funds \$'000	Eliminations \$'000	Statutory balance sheet \$'000
Assets												
Cash and cash equivalents	D2	54,497	158,418	9,526	-	2,638	24,558	249,637	16,835	6,879	-	273,351
Receivables	C2	47,573	27,910	2,462	-	269	8,715	86,929	6,049	1,475	(194)	94,259
Contract Asset	C2	-	-	32,938	-	-	-	32,938	-	-	-	32,938
Income tax receivable	B5	306	-	-	-	-	671	977	-	-	-	977
Financial assets	C3	-	695,871	-	-	-	54,309	750,180	288,179	-	(47,835)	990,524
Other assets		141	-	13	-	84	8,441	8,679	-	-	-	8,679
Property held for development	C5	-	-	53,744	-	-	-	53,744	-	-	-	53,744
Deferred tax assets	B5	28,553	-	4,152	-	-	9,821	42,526	-	-	-	42,526
Equity accounted investments	E1	-	29,933	-	25,704	-	-	55,637	-	-	-	55,637
Investment properties	C4	-	-	-	-	-	-	-	-	208,140	-	208,140
Right of use asset	C9	-	-	-	-	-	19,947	19,947	-	-	-	19,947
Intangible assets	C6	790,551	-	-	-	-	-	790,551	-	-	-	790,551
<b>Total assets</b>		<b>921,621</b>	<b>912,132</b>	<b>102,835</b>	<b>25,704</b>	<b>2,991</b>	<b>126,462</b>	<b>2,091,745</b>	<b>311,063</b>	<b>216,494</b>	<b>(48,029)</b>	<b>2,571,273</b>
Liabilities												
Payables	C7	5,593	29,220	3,308	-	1,230	44,541	83,892	385	4,592	(194)	88,675
Provisions		2,417	-	-	-	-	1,660	4,077	-	-	-	4,077
Borrowings	C8	-	298,440	15,955	-	-	7,006	321,401	-	106,428	(1,187)	426,642
Provision for income tax	B5	5,658	-	-	-	-	(4,662)	996	768	-	-	1,764
Interest rate swap at fair value		-	-	-	-	-	31,205	31,205	-	-	-	31,205
Benefit Funds policy holders' liability		-	-	-	-	-	-	-	303,650	-	-	303,650
Call/Put option liability		-	-	-	-	-	22,690	22,690	-	-	-	22,690
Deferred tax liability	B5(c)	90,074	-	-	-	-	4,238	94,312	6,260	-	-	100,572
Lease liability	C9	-	-	-	-	-	21,757	21,757	-	-	-	21,757
<b>Total liabilities</b>		<b>103,742</b>	<b>327,660</b>	<b>19,263</b>	<b>-</b>	<b>1,230</b>	<b>128,435</b>	<b>580,330</b>	<b>311,063</b>	<b>111,020</b>	<b>(1,381)</b>	<b>1,001,032</b>
<b>Net assets</b>		<b>817,879</b>	<b>584,472</b>	<b>83,572</b>	<b>25,704</b>	<b>1,761</b>	<b>(1,973)</b>	<b>1,511,415</b>	<b>-</b>	<b>105,474</b>	<b>(46,648)</b>	<b>1,570,241</b>

## Assets and liabilities

### C1 Segment balance sheet (continued)

As at 30 June 2020		Property Funds Management	Co- Investments	Development	Investment Bonds Management	Corporate	Operating balance sheet	Benefits Funds	Controlled Property Funds	Eliminations	Statutory balance sheet
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>											
Cash and cash equivalents	D2	24,514	50,707	118	6,985	67,137	149,461	22,585	2,412	-	174,458
Receivables	C2	24,651	7,744	26,537	1,780	4,818	65,530	4,192	88	(1,081)	68,729
Income tax receivable		306	-	-	-	449	755	-	-	-	755
Financial assets	C3	-	464,191	-	-	58,904	523,095	289,359	-	(39,037)	773,417
Other assets		331	205	1	206	10,052	10,795	-	-	-	10,795
Investment properties	C4	-	-	-	-	-	-	-	167,110	-	167,110
Property held for development		-	31,295	-	-	-	31,295	-	-	-	31,295
Deferred tax assets		28,899	-	193	104	10,323	39,519	-	-	-	39,519
Equity accounted investments	E1	-	32,955	-	-	-	32,955	-	-	-	32,955
Investment properties held for sale		-	861	-	-	-	861	-	-	-	861
Right of use asset		-	-	-	-	21,393	21,393	-	-	-	21,393
Intangible assets	C6	280,120	-	-	-	-	280,120	-	-	-	280,120
<b>Total assets</b>		<b>358,821</b>	<b>587,958</b>	<b>26,849</b>	<b>9,075</b>	<b>173,076</b>	<b>1,155,779</b>	<b>316,136</b>	<b>169,610</b>	<b>(40,118)</b>	<b>1,601,407</b>
<b>Liabilities</b>											
Payables	C7	1,922	20,749	2,495	2,345	43,145	70,656	2,220	4,737	(1,081)	76,532
Provisions		873	-	-	-	1,328	2,201	-	-	-	2,201
Borrowings	C8	-	167,291	-	-	13,017	180,308	-	85,920	(1,177)	265,051
Provision for income tax		2,420	-	150	-	494	3,064	2,934	-	-	5,998
Interest rate swap at fair value		-	-	-	-	32,752	32,752	-	636	-	33,388
Benefit Funds policy holders' liability		-	-	-	-	-	-	311,535	-	-	311,535
Deferred tax liability	B5(c)	33,253	200	-	2	2,923	36,378	(553)	-	-	35,825
Call/Put option liability		-	-	-	-	17,167	17,167	-	-	-	17,167
Lease liability		-	-	-	-	22,564	22,564	-	-	-	22,564
<b>Total liabilities</b>		<b>38,468</b>	<b>188,240</b>	<b>2,645</b>	<b>2,347</b>	<b>133,390</b>	<b>365,090</b>	<b>316,136</b>	<b>91,293</b>	<b>(2,258)</b>	<b>770,261</b>
<b>Net assets</b>		<b>320,353</b>	<b>399,718</b>	<b>24,204</b>	<b>6,728</b>	<b>39,686</b>	<b>790,689</b>	<b>-</b>	<b>78,317</b>	<b>(37,860)</b>	<b>831,146</b>

## Assets and liabilities

### C2 Receivables

	Notes	2021 \$'000	2020 \$'000
Receivables from related parties	C2(a)	63,252	26,098
Other receivables <sup>(i)</sup>		31,007	16,094
Contract assets - development		32,938	26,537
		<b>127,197</b>	<b>68,729</b>

<sup>(i)</sup> Other receivables includes \$16,400,000 of receivables from the sale of Vitalharvest shares.

All receivables are current except for \$21,127,000 of performance fees receivable which are non-current.

The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

#### (a) Receivables from related parties

The following amounts were owed by related parties of the Group at the end of the financial year:

	2021 \$	2020 \$
Performance fees owing from property funds managed by Centuria	24,296,035	9,385,830
Management fees owing from property funds managed by Centuria	13,772,263	7,294,799
Loan receivable from Centuria Government Income Property Fund	11,248,798	-
Recoverable expenses owing from property funds managed by Centuria	5,913,021	336,300
Distribution receivable from Centuria Industrial REIT	3,941,846	3,182,678
Distribution receivable from Centuria Office REIT	3,336,852	3,484,055
Receivable from Over Fifty Guardian Friendly Society	-	1,104,355
Sales fees owing from property funds managed by Centuria	-	1,022,000
Distribution receivable from unlisted property funds managed by Centuria	743,345	288,220
	<b>63,252,160</b>	<b>26,098,237</b>

The loan receivable from Centuria Government Income Property Fund accrues interest at 10.00% per annum, and expires 9 June 2022.

#### Recognition and measurement

Receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less an allowance for impairment. Due to the short-term nature of these financial rights, their carrying amounts are estimated to represent their fair values.

##### (i) Contract assets - development

The timing of revenue recognition, billings and cash collections results in billed accounts receivable (trade receivables) and unbilled receivables (contract assets) on the consolidated statement of financial position.

In respect of the Social Affordable Housing Developments within the Property Funds Management segment, billing occurs subsequent to revenue recognition, resulting in contract assets.

## Assets and liabilities

### C3 Financial assets

	Notes	2021 \$'000	2020 \$'000
Investments in trusts, shares and other financial instruments at fair value		<b>271,911</b>	267,293
Investment in related party unit trusts at fair value	C3(a)	<b>664,304</b>	440,518
Loans receivable <sup>(i)</sup>		-	6,702
Reverse mortgage receivables <sup>(ii)</sup>		<b>54,309</b>	58,904
		<b>990,524</b>	773,417

Financial assets are classified as non-current assets.

<sup>(i)</sup> This is an unsecured loan to a third party that accrues interest at 10% per annum.

<sup>(ii)</sup> Whilst some mortgages are likely to be repaid during the next 12 months, the Group does not control the repayment date.



### C3 Financial assets (continued)

(a) Investments in related party unit trusts carried at fair value through profit or loss

The following table details related party investments carried at fair value through profit and loss.

Financial assets held by the Group	Fair value \$	2021	Ownership	Fair value \$	2020	Ownership
		Units held			Units held	
Centuria Industrial REIT	344,998,908	92,741,642	16.81%	215,809,359	68,078,662	17.01%
Centuria Office REIT	189,290,479	80,893,367	15.72%	158,152,599	78,293,366	15.22%
Augusta Industrial Fund	48,584,204	39,279,014	16.10%	17,232,050	19,000,000	10.00%
Asset Plus Limited	21,915,324	72,507,288	19.99%	9,705,148	30,528,933	18.85%
Centuria Healthcare Direct Medical Fund No.2	16,386,598	16,991,495	11.08%	10,305,433	11,025,391	7.48%
Matrix Trust	5,892,821	5,106,431	5.00%	-	-	0%
Pialba Place Trust	3,908,561	5,129,345	23.32%	-	-	0%
Augusta Property Fund	3,645,664	3,850,000	10.00%	-	-	0%
Centuria Healthcare Aged Care Property Fund No.1	2,948,651	5,513,559	9.21%	5,748,988	5,513,559	9.21%
Primewest Large Format Retail Trust No. 2	2,439,720	2,430,000	6.64%	-	-	0%
Dragon Hold Trust	1,500,000	1,500,000	10.00%	-	-	0%
Albany Brooks Gardens Trust	422,950	275,000	1.60%	-	-	0%
Centuria Scarborough House Fund	105,921	102,836	0.22%	97,694	102,836	0.22%
Primewest 251 St Georges Terrace Trust	104,126	104,126	0.27%	-	-	0%
	<b>642,143,927</b>			<b>417,051,271</b>		
<b>Financial assets held by the Benefit Funds</b>						
Centuria Office REIT	15,875,494	6,784,399	1.32%	18,956,484	9,384,398	1.82%
Centuria Industrial REIT	5,137,580	1,381,070	0.25%	3,446,506	1,087,226	0.27%
Centuria SOP Fund	1,147,200	1,000,000	3.28%	1,064,000	1,000,000	3.28%
	<b>22,160,274</b>			<b>23,466,990</b>		
	<b>664,304,201</b>			<b>440,518,261</b>		

## C3 Financial assets (continued)

### (a) Investments in related party unit trusts carried at fair value through profit or loss (continued)

	30 June 2021 \$'000	30 June 2020 \$'000
<b>Related party unit trusts carried at fair value through profit and loss</b>		
Opening balance	440,529	14,571
Investment purchases	126,584	105,176
Acquisition of subsidiary	14,366	26,937
Carrying value transferred from controlled property funds	9,860	-
Disposal	(16,604)	(28,194)
Foreign currency translation	(145)	-
Fair value gain/(loss)	89,714	(108,138)
Carrying value transferred from/(to) equity accounted investments	-	378,407
Fair value gain on discontinuing equity accounted investments	-	51,770
	<b>664,304</b>	<b>440,529</b>

### Recognition and measurement

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value only.

Financial assets are classified as financial assets at FVTPL when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the statement of comprehensive income.

AASB 9 contains three principal classification categories for financial assets:

- measured at amortised cost;
- measured at fair value through other comprehensive income (FVOCI); and
- measured at FVTPL.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### (i) Financial assets at amortised cost

Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance under the Expected Credit Loss ("ECL") model.

### C3 Financial assets (continued)

#### Recognition and measurement (continued)

##### *(ii) Recoverability of loans and receivables*

At each reporting period, the Group assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs result from all possible default events over the expected life of the trade receivables and are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The Group analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL, including forecasts of interest rates and inflation, as well as the financial stress of counterparties and their ability to operate as a going concern. Debts that are known to be uncollectable are written off when identified.

Given that COVID-19 is an ongoing situation, the Group has continued to analyse the age of outstanding receivable balances post balance sheet date and applied estimated percentages of recoverability to estimate ECL, as well as the financial stress of counterparties and their ability to operate as a going concern. Debts that are known to be uncollectible are written off when identified.

##### *(iii) Financial assets at FVTPL*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets recognised at FVTPL include reverse mortgage loan receivables, reverse mortgage derivatives and investments in trusts.

## Assets and liabilities

### C4 Investment properties

	2021 \$'000	2020 \$'000	Asset type	2021 Capitalisation rate	2021 Discount rate	2021 Valuer
111 St George Terrace, Perth WA	159,000	155,000	Office	6.50%	6.75%	Colliers
Foundation Place, QLD	31,500	-	Large format retail	6.25%	6.37%	Colliers
60 Investigator Drive, QLD	7,250	-	Childcare	6.00%	-%	Colliers
26 Westbrook Parade, WA	5,220	-	Childcare	6.50%	-%	Colliers
40 John rice Avenue, SA	5,170	-	Childcare	6.50%	-%	JLL
8-10 Warneford St, Sandy Bay TAS	-	5,610	Healthcare	-%	-%	
120 and 122 Spencer St, South Bunbury WA	-	6,500	Healthcare	-%	-%	
<b>Total fair value</b>	<b>208,140</b>	<b>167,110</b>				

Investment properties are classified as non-current.

	2021 \$'000	2020 \$'000
Opening balance	167,110	177,500
Acquisition of investment properties	-	15,116
Capital improvements and associated costs	356	4,660
Gain/(loss) on fair value	5,712	(6,141)
Change in deferred rent and lease incentives	(2,068)	(525)
Deconsolidation of controlled property funds	(12,110)	-
Acquisition of subsidiary	49,140	-
Sale of investment property	-	(23,500)
<b>Closing balance ^</b>	<b>208,140</b>	<b>167,110</b>

^ The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees amounting to \$10,575,100 (30 June 2020: \$12,704,534).

#### Key estimate and judgements

##### (a) Valuation techniques and significant unobservable inputs

The investment properties recognised by the Group are properties owned by related party funds that are taken to be controlled by the Group under accounting standards. Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are initially recorded at cost which includes stamp duty and other transaction costs. Subsequently, the investment properties are measured at the fair value with any change in value recognised in profit or loss. The carrying amount of investment properties includes components relating to deferred rent, lease incentives and leasing fees.

An investment property is derecognised upon disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The fair value of the investment properties were determined by the directors of the Responsible Entity of the relevant fund or by an external, independent valuation company having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

## C4 Investment properties (continued)

### (a) Valuation techniques and significant unobservable inputs (continued)

The valuations were prepared by considering the following valuation methodologies:

- **Capitalisation approach:** the annual net rental income is capitalised at an appropriate market yield to arrive at the property's market value. Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the property.
- **Discounted cash flow approach:** this approach incorporates the estimation of future annual cash flows over a 10 year period by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The present value of future cash flows is then determined by the application of an appropriate discount rate to derive a net present value for the property.
- **Direct comparison approach:** this approach identifies comparable sales on a dollar per square metre of lettable area basis and compares the equivalent rates to the property being valued to determine the property's market value.

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

The most significant unobservable input used in the above valuation techniques and its relationship with fair value measurement is the capitalisation rate. The higher/lower the rate, the lower/higher the fair value.

### (b) Fair value measurement

The fair value measurement of investment properties has been categorised as a Level 3 fair value as it is derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Significant unobservable inputs	Fair value measurement sensitivity to significant increase	Fair value measurement sensitivity to significant decrease	Range of inputs FY21
	in input	in input	
Market rent	Increase	Decrease	\$572psm to \$593psm
Capitalisation rate	Decrease	Increase	6.00% to 6.50%
Discount rate	Decrease	Increase	6.37% to 6.75%

A further sensitivity analysis was taken by the Group to assess the fair value of investment property values. The table below illustrates the valuation of movements in capitalisation rates and discount rate:

	Fair value at 30 June 2021	Capitalisation Rate impact	
	\$000	-0.25%	+0.25%
		\$000	\$000
Investment properties	208,140	8,141	(7,549)

## Assets and liabilities

### C5 Property held for development

	June 2021 \$'000	June 2020 \$'000
209 Kotham Road, Victoria, Australia	20,281	-
54 Cook Street, Auckland, New Zealand	20,905	19,884
17-19 Man Street, Queenstown, New Zealand	11,263	10,116
27-29 Young St, West Gosford, Australia	1,295	1,295
	<b>53,744</b>	<b>31,295</b>
Opening balance	31,295	-
Capital expenditure	2,611	-
Foreign currency translation	(162)	-
Acquisitions	20,000	1,295
Acquisition of subsidiary balance	-	30,000
	<b>53,744</b>	<b>31,295</b>

#### Recognition and measurement

Properties held for development relates to land and property developments that are held for sale or development and sale in the normal course of the Group's business. Properties held for development are carried at the lower of cost or net realisable value. The calculation of net realisable value requires estimates and assumptions which are regularly evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Properties held for development are classified as non-current assets unless they are contracted to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

### C6 Intangible assets

	2021 \$'000	2020 \$'000
Goodwill	481,696	167,938
Indefinite life management rights	308,855	112,182
	<b>790,551</b>	<b>280,120</b>
	2021 \$'000	2020 \$'000
Opening balance	280,120	157,663
Acquired goodwill	319,216	102,403
Acquired indefinite life management rights	196,799	20,054
Foreign currency translation	29	-
Purchase price accounting adjustments	(5,613)	-
	<b>790,551</b>	<b>280,120</b>

Goodwill and management rights are solely attributable to the Property Funds Management cash generating unit with recoverability determined by a value in use calculation using profit and loss projections covering a five year period, with a terminal value determined after five years.

#### Recognition and measurement

##### (i) Indefinite life management rights

Management rights acquired in a business combination are initially measured at fair value and reflect the right to provide asset and fund management services in accordance with the management agreements.

## C6 Intangible assets (continued)

### (ii) Goodwill

Goodwill acquired in a business combination is measured at cost and subsequently measured at cost less any impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

### (iii) Impairment

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units or CGUs). Non-financial assets other than goodwill that were previously impaired are reviewed for possible reversal of the impairment at each reporting date.

### Key estimates and judgements

The key assumptions used in the value in use calculations for the Property Funds Management cash-generating unit are as follows:

#### Revenue

Revenues in 2022 are based on the Board approved budget for 2022 and are assumed to increase at a rate of 7.5% (2020: 7.5%) per annum for years 2023-2026. The directors believe this is a prudent and achievable growth rate based on past experience.

#### Expenses

Expenses in 2022 are based on the budget for 2022 and are assumed to increase at a rate of 5.0% (2020: 5.0%) per annum for the years 2023-2026. The directors believe this is an appropriate growth rate based on past experience.

#### Discount rate

Discount rates are determined to calculate the present value of future cash flows. A pre-tax rate of 9.37% (2020: 9.44%) is applied to cash flow projections. In determining the appropriate discount rate, regard has been given to relevant market data as well as Group specific inputs.

#### Terminal growth rate

Beyond 2026, a growth rate of 3.0% (2020: 3.0%), in line with long term economic growth, has been applied to determine the terminal value of the asset.

### Sensitivity to changes in assumptions

As at 30 June 2021, the estimated recoverable amount of intangibles including goodwill relating to the Property Funds Management cash-generating unit exceeded its carrying amount by \$585,400,000 (2020 \$322,400,000). The table below shows the key assumptions used in the value in use calculation and the amount by which each key assumption must change in isolation in order for the estimated recoverable amount to be equal to its carrying value.

	Revenue growth rate (average)	Pre-tax discount rate	Expenses growth rate
Assumptions used in value in use calculation	7.50%	9.37%	5.00%
Rate required for recoverable amount to equal carrying value	(0.92)%	13.89%	15.19%

## Assets and liabilities

### C7 Payables

	2021 \$'000	2020 \$'000
Sundry creditors <sup>(i)</sup>	22,550	36,498
Dividend/distribution payable <sup>(iii)</sup>	44,513	25,110
Accrued expenses	21,612	14,924
	<b>88,675</b>	<b>76,532</b>

<sup>(i)</sup> Sundry creditors are non-interest bearing liabilities and are payable on commercial terms of 7 to 60 days.

<sup>(iii)</sup> Includes the Primewest final distribution payable for the year ended 30 June 2021 of \$11,500,000.

All trade and other payables are considered to be current as at 30 June 2021, due to their short-term nature.

#### Recognition and measurement

Payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Due to the short-term nature of these financial obligations, their carrying amounts are estimated to represent their fair values.

### C8 Borrowings

	Notes	2021 \$'000	2020 \$'000
Secured listed redeemable notes	C8(a)	198,693	-
Floating rate secured notes	C8(b)	66,650	75,000
Fixed rate secured notes	C8(b)	29,366	93,823
Development facility	C8(c)	15,955	-
Reverse mortgage bill facilities and notes	C8(d)	7,006	7,422
Secured facility - New Zealand	C8(e)	7,440	5,610
Secured bank loans in Controlled Property Funds	C8(f)	106,505	85,920
Borrowing costs capitalised		(4,973)	(2,724)
		<b>426,642</b>	<b>265,051</b>

The terms and conditions relating to the above facilities are set out below.

#### (a) Secured listed redeemable notes

On 21 April 2021, the Fund issued \$198,693,000 of listed redeemable notes with a variable interest rate of 4.25% plus the bank bill rate which is due to mature on 21 April 2026. These notes are secured against assets within certain subsidiaries of the Group.



## C8 Borrowings (continued)

### (b) Secured notes

The Group has issued fixed and floating corporate notes as per below. These notes are secured against assets within certain subsidiaries of the Group.

In December 2020, the Group refinanced the corporate notes, reducing the fixed component of Tranche 1 from \$30,708,000 to \$19,447,000, reducing the variable component of Tranche 1 from \$26,040,000 to \$8,350,000, increasing the fixed component of Tranche 3 from \$18,115,000 to \$29,366,000 and increasing the variable component of Tranche 3 from \$13,960,000 to \$31,650,000.

	Classification	Coupon Rate	Due Date	2021 \$'000	2020 \$'000
<b>Fixed</b>					
Tranche 1	-	7.0%	21 April 2021	-	30,708
Tranche 2	-	6.5%	21 April 2023	-	45,000
Tranche 3	Non-current	5.0%	21 April 2024	29,366	18,115
				<b>29,366</b>	<b>93,823</b>
	Classification	Coupon Rate	Due Date	2021 \$'000	2020 \$'000
<b>Floating</b>					
Tranche 1	-	BBSW +4.5%	21 April 2021	-	26,040
Tranche 2	Non-current	BBSW +4.25%	21 April 2023	35,000	35,000
Tranche 3	Non-current	BBSW +4.50%	21 April 2024	31,650	13,960
				<b>66,650</b>	<b>75,000</b>

### (c) Development facility

In 2021, the Group had drawn down amounts to fund its social affordable housing developments. Details of the amounts drawn and the maturity of each development facility are as follows:

Development	Classification	Maturity Date	Facility Limit	Drawn	Down	Borrowing Costs	2021 \$'000	2020 \$'000
45 Pendlebury Road (Cardiff)	Current	7 April 2022	10,842	7,901	-	-	7,901	-
357-359 Mann Street	Current	7 April 2022	10,258	8,054	-	-	8,054	-
							<b>15,955</b>	<b>-</b>

The facilities above are secured against each of the respective developments.

### (d) Reverse mortgage bill facilities and notes (secured)

As at 30 June 2021, the Group had \$7,006,000 (2020: \$7,422,000) non-recourse notes on issue to ANZ Bank, secured over the remaining reverse mortgages held in Senex Warehouse Trust No.1 (a subsidiary of the Group) due to mature on 30 September 2021 and is classified as current as at 30 June 2021.

The facility limit as at 30 June 2021 is \$8,200,000 (2020: \$8,200,000) and is reassessed every 6 months with a view to reducing the facility in line with the reduction in the reverse mortgage book. Under the facility agreement, surplus funds (being mortgages repaid (including interest) less taxes, administration expenses and any hedge payments) are required to be applied against the facility each month.

By 30 June 2021, the Group has negotiated the refinancing of the reverse mortgage borrowings with ANZ, however the agreement could not be executed due to the impact of COVID-19 lockdown measures in NSW Australia. Under the extension agreement, the loan will mature on 30 September 2022 and the facility limit will reduce to \$7,500,000.

	2021 \$'000	2020 \$'000
Facility	8,200	8,200
Amount used at reporting date	(7,006)	(7,422)
Amount unused at reporting date	<b>1,194</b>	<b>778</b>

## C8 Borrowings (continued)

### (e) Secured facility - New Zealand

The borrowings facilities for New Zealand are outlined as follows. These facilities are secured against assets within certain subsidiaries of the Group.

	Classification	Maturity date	Facility limit \$'000	Funds available \$'000	Draw down \$'000	Borrowing costs \$'000	Total \$'000
<b>30 June 2021</b>							
New Zealand Investment Facility	Non-current	30 November 2022	11,160	3,720	7,440	-	7,440
							<u>7,440</u>
<b>30 June 2020</b>							
New Zealand Investment Facility	Current	30 June 2021	5,610	-	5,610	-	5,610
							<u>5,610</u>

### (f) Bank Loans - Controlled Property Funds (secured)

Each controlled property fund has debt facilities secured by first mortgage over each of the fund's investment property and a first ranking fixed and floating charge over all assets of each of the funds. Details of the amounts drawn and the maturity of each facility are as follows:

Fund	Classification	Maturity date	Facility limit \$'000	Funds available \$'000	Draw down \$'000	Borrowing costs \$'000	Total \$'000
<b>30 June 2021</b>							
Centuria 111 St Georges Terrace Fund	Current	30 June 2022	90,000	5,957	84,043	(148)	83,895
Primewest Property Income Fund	Non-current	19 February 2024	22,600	-	22,600	(77)	22,533
							<u>106,428</u>
<b>30 June 2020</b>							
Centuria 111 St Georges Terrace Fund	Non-current	30 June 2022	90,000	6,644	83,356	(193)	83,163
Nexus Property Unit Trust	Non-current	4 December 2022	2,805	-	2,805	(48)	2,757
							<u>85,920</u>

### Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

## Assets and liabilities

### C9 Right of use asset/Lease liability

The Group has seven operating lease commitments outlined below:

Lease	Original term	Extension option	Fixed annual rent increase	
Level 41 Chifley Square, Sydney NSW	10 years	5 years	4.0%	
Level 32, 120 Collins Street, Melbourne VIC	5 years	-	3.75%	
Level 2, 348 Edward Street, Brisbane QLD	5 years	-	3.5%	
56 Clarence Street, Sydney NSW	7 years	5 years	4.0%	
307 Murray Street, Perth WA	5 years	5 years	4.0%	
38-35 Gaunt Street, Auckland NZ	8 years	-	2.5%	
331-335 Devon Street East, New Plymouth NZ	3 years	3 years	CPI	
			<b>2021</b>	<b>2020</b>
			<b>\$'000</b>	<b>\$'000</b>
<b>Right of use asset</b>				
Opening balance			<b>21,393</b>	19,724
Additions of new leases			-	977
Depreciation on right of use asset			<b>(2,404)</b>	(1,961)
Acquisition of subsidiary balance			<b>958</b>	2,653
			<b>19,947</b>	21,393
			<b>2021</b>	<b>2020</b>
			<b>\$'000</b>	<b>\$'000</b>
<b>Lease liability</b>				
Opening balance			<b>22,564</b>	19,724
Additional lease liability from new lease			-	976
Cash lease payments			<b>(2,962)</b>	(2,018)
Finance lease interest			<b>1,123</b>	982
Acquisition of subsidiary balance			<b>1,032</b>	2,900
			<b>21,757</b>	22,564

## Assets and liabilities

### C10 Contributed equity

	2021		2020	
	No. of securities	\$'000	No. of securities	\$'000
<b>Centuria Capital Limited</b>				
Balance at beginning of the period	509,998,482	177,149	383,557,332	128,164
Equity settled share based payments expense	1,921,149	1,482	1,529,427	795
Stapled securities issued	275,883,062	209,208	124,911,723	49,845
Cost of equity raising	-	(1,205)	-	(1,655)
Balance at end of period	787,802,693	386,634	509,998,482	177,149

	2021		2020	
	No. of securities	\$'000	No. of securities	\$'000
<b>Centuria Capital Fund (non-controlling interests)</b>				
Balance at beginning of the period	509,998,482	545,744	383,557,332	343,438
Equity settled share based payments expense	1,921,149	-	1,529,427	-
Stapled securities issued	275,883,062	475,185	124,911,723	205,216
Cost of equity raising	-	(2,107)	-	(2,910)
Balance at end of the period	787,802,693	1,018,822	509,998,482	545,744

Fully paid ordinary securities carry one vote per security and carry the right to distributions.

On 29 June 2017, the Group issued 20,098,470 options to subscribe for stapled securities. The options have an exercise price of \$1.30 per stapled security and expire on 29 June 2022. Half of these options (10,049,235) were exercised on 12 December 2019 with the remaining 10,049,235 being exercised on 9 December 2020.

The Group issued 24,930,259 stapled securities in relation to the completion of the Augusta Capital Limited (now known as Centuria New Zealand) acquisition during the year-ended 30 June 2021.

The Group issued 53,336,998 stapled securities in relation to a \$120,000,000 equity raising completed in October 2020.

The Group issued 184,514,578 stapled securities between 8 June 2021 and 30 June 2021 in satisfaction of the scrip component of the offer consideration for the acquisition of a 98.4% interest in Primewest Group. The scrip component for the remaining 1.6% of 3,051,812 stapled securities has been included as issued as the Group has accounted for Primewest as a wholly owned subsidiary as at 30 June 2021.

#### Recognition and measurement

Incremental costs directly attributed to the issue of ordinary shares are accounted for as a deduction from equity, net of any tax effects.

### C11 Commitments and contingencies

#### Australian Guarantees

The Group has provided bank guarantees of \$3,349,911 for commercial leases with respect to its Sydney and Melbourne office premises. These bank guarantees are cash collateralised.

The above guarantees are issued in respect of the Group and do not constitute an additional liability to those already existing in interest bearing liabilities on the statement of financial position.

#### New Zealand Guarantees

Under the Development Agreement with Queenstown Lakes District Council (QLDC) as part of the Lakeview joint venture, the Group have provided a guarantee of the Partnership's obligations under the Development Agreement, with a maximum capital commitment of NZ\$14,000,000. The Group's total aggregate liability under this guarantee is capped at NZ\$4,250,000. Refer to Note E1 Interests in associates and joint ventures for more information.

#### Capital Commitments

At 30 June 2021 the Group has capital commitments of NZ\$1,300,000 million. In addition, the Company has committed up to a further NZ\$12,800,000 of capital over approximately the next 10 years in its joint venture partnership with Ninety Four Feet.

As part of the Man St, Queenstown property held for development in New Zealand, commitments of approximately NZD\$2,700,000 have been made to the project managers of the development.

As part of the Cook St, Auckland, property held for development in New Zealand, commitments of approximately NZD\$10,600,000 have been made to the project managers of the development.

#### Contingent Liabilities

The directors of the Group are not aware of any contingent liabilities in relation to the Group, other than those disclosed in the financial statements, which should be brought to the attention of securityholders as at the date of completion of this report.

## D Cash flows

### D1 Operating segment cash flows <sup>(i)</sup>

For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>		
Management fees received	100,765	82,127
Performance fees received	1,772	37,231
Distributions received	35,021	29,938
Interest received	1,483	988
Cash received on development projects	43,866	-
Other income received	240	823
Payments to suppliers and employees	(129,500)	(82,102)
Income tax paid	(7,438)	(8,581)
Interest paid	(11,626)	(9,889)
<b>Net cash provided by operating activities</b>	<b>34,583</b>	<b>50,535</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of related party investments	13,908	53,554
Purchase of investments in related parties	(128,662)	(122,688)
Repayment of loans by related parties	6,702	11,800
Loans to related parties	3,750	(11,800)
Purchase of equity accounted investments	(26,089)	(12,977)
Purchase of other investments	-	(6,115)
Payments for plant and equipment	(343)	(522)
Cash balance on acquisition of subsidiaries	97,841	15,773
Purchase of subsidiaries	(26,977)	(40,852)
Purchase of Property Held for Development	(22,621)	(1,295)
Collections from reverse mortgage holders	888	1,646
Proceeds from sale of investments	1,047	-
Proceeds from sale of equity accounted investments	5,000	-
Cash paid on acquisition of Primewest Group	(78,019)	-
<b>Net cash used in investing activities</b>	<b>(153,575)</b>	<b>(113,476)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of securities	133,073	205,736
Equity raising costs paid	(2,611)	(4,317)
Proceeds from borrowings	241,900	-
Repayment of borrowings	(98,620)	(35,771)
Costs paid to issue debt	(2,187)	(1,628)
Distributions paid	(52,124)	(39,377)
<b>Net cash provided by financing activities</b>	<b>219,431</b>	<b>124,643</b>
<b>Net increase in operating cash and cash equivalents</b>	<b>100,439</b>	<b>61,702</b>
Cash and cash equivalents at the beginning of the period	149,461	87,759
Effects of exchange rate changes on cash and cash equivalents	(263)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>249,637</b>	<b>149,461</b>

(i) The operating segment cash flows support the segment note disclosures of the Group and provide details in relation to the operating segment cash flows performance of the Group. The operating segment cash flows exclude the impact of cash flows attributable to Benefit Funds and Controlled Property Funds. Refer to page 43 for the full statutory cash flow statement of the Group.

## Cash flows

### D2 Cash and cash equivalents

Included in cash and cash equivalents is \$1,828,994 (2020: \$23,621,773) relating to amounts held by Senex Warehouse Trust No.1 and the Benefit Funds which is not readily available for use by the Group.

### D3 Reconciliation of profit for the period to net cash flows from operating activities

	2021 \$'000	2020 \$'000
Profit for the year	149,639	22,087
<b>Adjustments for:</b>		
Depreciation and amortisation	3,731	2,943
Non-cash development income	(11,417)	(19,075)
Share-based payment expense	3,058	2,014
Amortisation of borrowing costs	2,628	995
Non-cash performance and sales fees	(16,297)	(7,099)
Fair value movement of financial assets	(96,443)	42,032
Interest revenue from reverse mortgages	(2,744)	(2,631)
Interest expense reverse mortgage facility	1,522	1,126
Equity accounted profit in excess of distribution paid	(1,601)	(1,978)
Unrealised foreign exchange loss	112	-
Unrealised (gain)/loss on investment properties	(7,554)	6,260
Amortisation of lease incentives	1,881	1,665
Costs paid for debt issuance	4,877	1,311
Finance lease interest	1,210	1,229
<b>Changes in net assets and liabilities:</b>		
<b>(Increase)/decrease in assets:</b>		
Receivables	(6,691)	22,603
Prepayments	8,603	(349)
Deferred tax assets	(1,212)	(12,926)
<b>Increase/(decrease) in liabilities:</b>		
Other payables	(5,939)	(8,528)
Tax provision	(5,399)	4,963
Deferred tax liability	12,484	510
Provisions	(3,701)	3,998
Policyholder liability	(7,885)	(28,024)
<b>Net cash flows provided by operating activities</b>	<b>22,862</b>	<b>33,126</b>

### Recognition and measurement

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition. Bank overdrafts are shown within borrowings in the statement of financial position.

## E Group Structure

### E1 Interests in associates and joint ventures

In February 2020, the Group increased its ownership stakes in the Centuria Diversified Property Fund to 22.7%. From that date, the Group has equity accounted its interest in that fund. The ownership stake decreased to 20.4% by 30 June 2021.

The Group's subsidiary, Augusta Lakeview Holdings Limited (Lakeview Holdings) has signed a partnership agreement with NFF QT Development Unit Trust (NFF) to establish QT Lakeview Partnership (the Joint Venture) to develop the Lakeview site in Queenstown, New Zealand. Lakeview Holdings has a 25% interest in the Joint Venture which represents a maximum capital commitment to Lakeview Holdings of NZ\$14,000,000. The Joint Venture has entered into a development agreement with the Queenstown Lakes District Council to develop a range of residential, hotels, co-working, co-living, hospitality and retail options on the 3 hectare site on a staged basis, with construction estimated to take more than 10 years and phased over 7 stages.

On 22 April 2021, the Group acquired 50% of Bass Capital Partners Pty Ltd (Centuria Bass) for \$25,417,876 with the option to fully acquire the remaining 50% interest in five years. From that date, the Group has equity accounted its interest in Centuria Bass offers non-banking finance for real estate secured transactions including development projects, bridge finance and residual stock.

Name of entity	% of ownership interest		Principal activity	Carrying amount	
	30 June 2021	30 June 2020		30 June 2021	30 June 2020
	%	%		\$'000	\$'000
Centuria Diversified Property Fund	20.40	22.68	Property investment	28,144	31,830
Centuria Bass Credit	50.00	0.00	Non-bank finance	25,704	-
QT Lakeview Developments Limited	25.00	25.00	Property investment	1,789	1,125
<b>Total equity accounted investments</b>				<b>55,637</b>	<b>32,955</b>

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2020 to 30 June 2021.

	QT Lakeview Developments Limited \$'000	Centuria Diversified Property Fund \$'000	Centuria Bass Credit \$'000	Total \$'000
<b>Carrying amounts of equity accounted investments</b>				
Opening balance as at 1 July 2020	1,125	31,830	-	32,955
Acquisition of investments	671	-	25,418	26,089
Share of net (loss)/profit after tax	-	2,784	286	3,070
Distributions received/receivable	-	(1,470)	-	(1,470)
Disposal of investment	-	(5,000)	-	(5,000)
Foreign exchange translation	(7)	-	-	(7)
<b>Closing balance as at 30 June 2021</b>	<b>1,789</b>	<b>28,144</b>	<b>25,704</b>	<b>55,637</b>



## E1 Interests in associates and joint ventures (continued)

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2019 to 30 June 2020.

	Augusta Capital Limited \$'000	QT Lakeview Developments Limited \$'000	Centuria Diversified Property Fund \$'000	Centuria Office REIT \$'000	Centuria Industrial REIT \$'000	Total \$'000
Opening balance as at 1 July 2019	-	-	-	203,435	183,278	386,713
Acquisition of investments	20,285	-	-	7,500	12,976	40,761
Acquisition of subsidiary that held significant influence	-	1,125	-	-	-	1,125
Share of net (loss)/profit after tax	(584)	-	(502)	2,785	6,611	8,310
Distributions received/receivable	-	-	502	(3,291)	(3,057)	(5,846)
Carrying value transferred from/(to) financial assets	-	-	31,830	(210,429)	(199,808)	(378,407)
Fair value gain/(loss)	16,517	-	-	-	-	16,517
Gain of control of Augusta Capital Limited on 30 June 2020	(36,218)	-	-	-	-	(36,218)
Closing balance as at 30 June 2020	-	1,125	31,830	-	-	32,955

The Group equity accounted Centuria New Zealand from 12 May 2020 to 30 June 2020. On 30 June 2020, the Group consolidated Centuria New Zealand.

### (a) Summarised financial information for associates and joint ventures

The tables below provide summarised financial information for those associates. The information disclosed reflects the amounts presented in the consolidated financial statements of the relevant associates and not the Group's share of those amounts.

	QT Lakeview Developments Pty Ltd		Centuria Diversified Property Fund		Centuria Bass Credit	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
<b>Summarised balance sheet (excluding intangibles)</b>						
Cash and cash equivalents	-	-	11,868	18,013	19,079	-
Other current assets	-	-	2,099	11,633	598	-
<b>Total current assets</b>	-	-	13,967	29,646	19,677	-
Other non-current assets	7,156	4,501	180,742	166,588	96,081	-
<b>Total tangible non-current assets</b>	7,156	4,501	180,742	166,588	96,081	-
Other current liabilities	-	-	5,767	3,812	1,788	-
<b>Total current liabilities</b>	-	-	5,767	3,812	1,788	-
Borrowings	-	-	65,150	64,988	6	-
Other non-current liabilities	-	-	-	351	110,532	-
<b>Total non-current liabilities</b>	-	-	65,150	65,339	110,538	-
<b>Net tangible assets</b>	7,156	4,501	123,792	127,083	3,432	-
Group share in %	25.00%	25.00%	20.44%	22.68%	50.00%	-
Group share	1,789	1,125	25,303	28,822	1,716	-
Goodwill	-	-	2,841	3,008	23,988	-
Carrying amount	1,789	1,125	28,144	31,830	25,704	-

## E1 Interests in associates and joint ventures (continued)

### (a) Summarised financial information for associates and joint ventures (continued)

	QT Lakeview Developments Limited		Centuria Diversified Property Fund		Centuria Bass Credit	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Summarised statement of comprehensive income</b>						
Revenue	-	-	13,912	10,919	15,618	-
Interest income	-	-	-	24	4	-
Net gain on fair value of investment properties and other investments	-	-	(1,125)	(10,919)	-	-
Finance costs	-	-	(1,388)	(1,233)	(13)	-
Other expenses	-	-	(5,409)	(3,699)	(11,222)	-
Other income	-	-	-	-	504	-
Gain/(loss) on fair value of investments	-	-	9,920	(351)	-	-
<b>(Loss)/profit from continuing operations</b>	-	-	15,910	(5,259)	4,891	-
<b>(Loss)/profit for the year</b>	-	-	15,910	(5,259)	4,891	-
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive (loss)/income</b>	-	-	15,910	(5,259)	4,891	-

## E2 Business combination

### (a) Primewest Group Limited acquisition

On 3 June 2021, the Group declared the acquisition of Primewest Group Limited (Primewest) unconditional, obtaining acceptances for 70.1% of total Primewest securities outstanding. Primewest securityholders who accepted the offer received \$0.20 in cash plus 0.473 Centuria Capital Group securities for each Primewest security.

By 30 June 2021, the Group had acquired 98.37% of Primewest securities, with the remaining 1.63% under compulsory acquisition. The Group has accounted for Primewest as a wholly owned subsidiary as at 30 June 2021. The provisional acquisition accounting is outlined below.

### Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	<b>\$'000</b>
Payable (i)	55,595
Equity (Company shares issued) (ii)	120,913
Equity (Fund units issued) (ii)	240,669
<b>Total consideration transferred</b>	<b>417,177</b>

### (i) Payable

On 3 June 2021, the Group had not yet paid the cash component of the Offer consideration. The Payable represents the Group's obligation to pay \$0.20 cash per Primewest security to each Primewest securityholder who had accepted the Offer as at 3 June 2021.

### (ii) Equity issued

The fair value of the ordinary shares issued by the Company and ordinary units issued by the Fund is based on the listed security price of CNL on 3 June 2021 of \$2.75 and attributed 33.50% to Company shares and 66.50% to Fund units.

### Identifiable assets acquired and liabilities assumed

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	105,308
Receivables	18,839
Financial assets	21,494
Other assets	310
Deferred tax assets	2,983
Investment properties	49,140
Intangible assets - indefinite life management rights	196,799
Right of use asset	958
Payables	(20,991)
Income tax payable	(1,165)
Deferred tax liability	(59,040)
Borrowings	(22,515)
Lease liability	(1,032)
<b>Total identifiable net assets acquired</b>	<b>291,088</b>

### Provisional goodwill

Provisional goodwill arising from the acquisition has been recognised as follows:

	<b>\$'000</b>
Consideration transferred	417,177
Non-controlling interest, based on the acquisition date fair value (i)	193,127
Fair value of identifiable net assets	(291,088)
<b>Provisional goodwill (ii)</b>	<b>319,216</b>

### E2 Business combination (continued)

#### (a) Primewest Group Limited acquisition (continued)

##### (i) Non-controlling interest

The non-controlling interest reflects the portion of Primewest securities that had not been acquired by the Group at the acquisition date and represents the interests that continue to be held by existing Primewest securityholders at the acquisition date fair value. This non-controlling interest had been acquired by 30 June 2021.

##### (ii) Provisional goodwill

The provisional goodwill is attributable mainly to Primewest's work force and established business practices and relationships. None of the provisional goodwill recognised is expected to be deductible for tax purposes.

#### Transaction related costs

Transaction related costs of \$4,900,000 were incurred for year in respect of the acquisition of Primewest, of which \$4,400,000 were expensed in the profit and loss and \$500,000 were recorded against equity.

## E3 Interests in material subsidiaries

The Group's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have issued capital consisting solely of ordinary shares or units that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The subsidiaries of the Group were incorporated in the following jurisdictions, Australia, New Zealand and Singapore with principal places of business corresponding with the respective geographic jurisdictions. The parent entity of the Group is Centuria Capital Limited.

	Ownership interest %	
	30 June 2021	30 June 2020
	0% (100% NCI)	0% (100% NCI)
<b>Australian subsidiaries</b>		
Centuria Capital Fund	100%	100%
Centuria Capital Health Fund	100%	100%
Centuria Capital No. 2 Fund	100%	100%
Centuria Capital No. 2 Industrial Fund	100%	100%
Centuria Capital No. 2 Office Fund	100%	100%
Centuria Capital No. 3 Fund	100%	100%
Centuria Capital No. 4 Fund	100%	100%
Centuria Capital No. 5 Fund	100%	100%
Centuria Capital No. 6 Fund	100%	100%
Centuria Capital No. 7 Fund	100%	100%
Centuria Healthcare Property Fund	0%	100%
Centuria Lane Cove Debt Fund	100%	100%
Centuria 111 St Georges Terrace Fund	42%	42%
Primewest Property Fund	100%	-
Primewest USA Trust	100%	-
Primewest 140 St Georges Terrace Fund	100%	-
Primewest Property Income Fund	48%	-
Senex Warehouse Trust No. 1	100%	100%
Nexus Property Unit Trust	0%	59%
80 Grenfell Street Pty Ltd	100%	100%
A.C.N. 062 671 872 Pty Limited	100%	100%
Ahnco Pty Ltd*	63%	63%
Amberlee Nominees Pty Ltd	100%	100%
Belmont Road Development Pty Limited	100%	100%
Belmont Road Management Pty Limited	100%	100%
Centuria 57 Wyatt Street Pty Ltd	100%	0%
Centuria 61-67 Wyatt St Pty Limited	100%	100%
Centuria 80 Flinders Street Pty Limited	100%	100%
Centuria Business Services Pty Limited	100%	100%
Centuria Canberra No. 3 Pty Limited	100%	100%
Centuria Developments (Cardiff) Pty Limited	100%	100%
Centuria Developments (Mann Street) Pty Limited	100%	100%
Centuria Developments (Mayfield) Pty Limited	100%	100%
Centuria Developments (Young Street) Pty Limited	100%	100%
Centuria Developments Pty Limited	100%	100%
Centuria Employee Share Fund Pty Ltd	100%	100%
Centuria Finance Pty Ltd	100%	100%
Centuria Funds Management Limited	100%	100%
Centuria Healthcare Asset Management Limited*	63%	63%
Centuria Healthcare Asset Management Nominee 1 Pty Ltd*	63%	63%
Centuria Healthcare Energy Company Pty Ltd*	63%	63%
Centuria Healthcare Funds Distributions Limited*	63%	63%
Centuria Healthcare Investments Pty Ltd*	63%	63%
Centuria Healthcare Property Services Pty Limited*	63%	63%
Centuria Healthcare Pty Ltd	63%	63%
Centuria Healthcare Developments Pty Ltd*	63%	63%
Centuria Industrial Property Services Pty Ltd	100%	100%
Centuria Institutional Investments No. 3 Pty Limited	100%	100%

## E3 Interests in material subsidiaries (continued)

	Ownership interest %	
	30 June 2021	30 June 2020
<b>Australian subsidiaries</b>		
Centuria Investment Holdings No. 4 Pty Limited	100%	100%
Centuria Investment Holdings Pty Limited	100%	100%
Centuria Investment Management (CDPF) Pty Ltd	100%	100%
Centuria Investment Management (CIP) Pty Ltd	100%	-
Centuria Investment Management (CMA) No. 2 Pty Limited	100%	100%
Centuria Investment Management (CMA) Pty Limited	100%	100%
Centuria Investment Management (Property) No. 1 Pty Ltd	100%	-
Centuria Investment Management (Property) No. 2 Pty Ltd	100%	-
Centuria Investment Management (Property) No. 3 Pty Ltd	100%	-
Centuria Investment Services Pty Limited	100%	100%
Centuria Life Limited	100%	100%
Centuria Nominees No. 3 Pty Limited	100%	100%
Centuria Platform Investments Pty Limited	100%	100%
Centuria Properties No. 3 Limited	100%	100%
Centuria Property Funds Limited	100%	100%
Centuria Property Funds No. 2 Limited	100%	100%
Centuria Property Services Pty Limited	100%	100%
Centuria Richlands Pty Ltd	100%	-
Centuria SubCo Pty Limited	100%	100%
CHPF 1 Pty Ltd	100%	-
CHPF 2 Pty Ltd	100%	-
CHPF 3 Pty Ltd	100%	-
CHPF Cairns Pty Ltd	100%	-
CHPF Kallangur Pty Ltd	100%	-
CHPF South Bunbury Pty Ltd	100%	-
Crestway Nominees Pty Ltd	100%	-
Forrestdale Home Pty Ltd	100%	-
Fromnex Pty Limited	31.5%	31.5%
Heathley Finance Company Pty Ltd*	63%	63%
Heathley Funds Management Pty Ltd*	63%	63%
Heathley Investor Services Pty Limited*	63%	63%
Heathley Nominees Pty Ltd*	63%	63%
Just across the river Pty Ltd	100%	-
Mainriver Holdings Pty Ltd	100%	-
More than meets the eye Pty Ltd	100%	-
Over Fifty Capital Pty Ltd	100%	100%
Over Fifty Funds Management Pty Ltd	100%	100%
Over Fifty Investments Pty Ltd	100%	100%
Over Fifty Seniors Equity Release Pty Ltd	100%	100%
Primewest (1 Forrest Place) Pty Ltd	100%	-
Primewest (1060 Hay Street) Pty Ltd	100%	-
Primewest (15 Ogilvie Road) Pty Ltd	100%	-
Primewest (307 Murray Street) Pty Ltd	100%	-
Primewest (359 Scarb Beach Road) Pty Ltd	100%	-
Primewest (380 Scarborough Beach Road) Pty Ltd	100%	-
Primewest (380A Scarborough Beach Road) Pty Ltd	100%	-
Primewest (382 Scarborough Beach Road) Pty Ltd	100%	-
Primewest (384 Scarborough Beach Road) Pty Ltd	100%	-
Primewest (511 Abernethy Road) Pty Ltd	100%	-
Primewest (607 Bourke Street) Pty Ltd	100%	-
Primewest (616 St Kilda Road) Pty Ltd	100%	-
Primewest (Australia Place) Pty Ltd	100%	-
Primewest (Busselton) Pty Ltd	100%	-

## E3 Interests in material subsidiaries (continued)

	Ownership interest %	
	30 June 2021	30 June 2020
<b>Australian subsidiaries</b>		
Primewest (Cannington) Pty Ltd	100%	-
Primewest (Cottesloe Central) Pty Ltd	100%	-
Primewest (Erskine) Pty Ltd	100%	-
Primewest (Gauge Circuit) Pty Ltd	100%	-
Primewest (Hillbert Rd) Pty Ltd	100%	-
Primewest (Joondalup House) Pty Ltd	100%	-
Primewest (Lot 4 Davidson Street Kalgoorlie) Pty Ltd	100%	-
Primewest (Melville) Pty Ltd	100%	-
Primewest (Neerabup) Pty Ltd	100%	-
Primewest (Northlands) Pty Ltd	100%	-
Primewest (Osborne Park) Pty Ltd	100%	-
Primewest (Wattleup) Pty Ltd	100%	-
Primewest Agrichain Management Pty Ltd	100%	-
Primewest Corporate Holdings Pty Limited	100%	-
Primewest Enterprises Pty Ltd	100%	-
Primewest Funds Ltd	100%	-
Primewest Group Limited	100%	-
Primewest Management Ltd	100%	-
Primewest P/Q Pty Ltd	100%	-
Primewest Real Estate Pty Ltd	100%	-
Primewest USA Holdings Pty Ltd	100%	-
Primewest (135 Clayton Street) Pty Limited	100%	-
PWG Property Pty Ltd	100%	-
Riodell Holdings Pty Ltd	100%	-
Stead Road Pty Ltd	100%	-
Teewana Farm Pty Ltd	100%	-
<b>New Zealand Subsidiaries</b>		
Centuria Capital (NZ) Limited (formerly Centuria New Zealand Holdings Limited)	100%	64%
Centuria Capital (NZ) No. 1 Limited (formerly Augusta Capital Limited)	100%	64%
Centuria Capital (NZ) No. 2 Limited (formerly Augusta Capital No. 1 Limited)	100%	64%
Centuria Funds Management (NZ) Limited (formerly Augusta Funds Management Limited)	100%	64%
Centuria Lakeview Holdings Limited (formerly Augusta Lakeview Holdings Limited)	100%	64%
Centuria Property Holdco Limited (formerly Augusta Property Holdco Limited)	100%	100%
<b>Singapore subsidiaries</b>		
Centuria Capital Private Limited (Singapore)	100%	100%

\* The ownership percentage outlined above for these subsidiaries reflects the Group's economic ownership. The Group holds a 50% voting right in each of these subsidiaries.

### Recognition and measurement

#### (i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### E3 Interests in material subsidiaries (continued)

#### Recognition and measurement (continued)

##### *(i) Basis of consolidation (continued)*

The Company is required by AASB 10 Consolidated Financial Statements to recognise the assets, liabilities, income, expenses and equity of the benefit funds of its subsidiary, Centuria Life Limited (the "Benefit Funds"). The assets and liabilities of the Benefit Funds do not impact the net profit after tax or the equity attributable to the securityholders of the Company and the securityholders of the Company have no rights over the assets and liabilities held in the Benefit Funds.

In order to reflect the assets and liabilities pertaining to the Benefit Funds being attributable to policyholders (as approved to securityholders) an equal and offsetting policyholder liability is recognised on consolidation. In addition, on consolidation of the various income and expenses attributable to the Benefit Funds an equal and opposite net change in policyholder liabilities is recorded in the statement of comprehensive income.

The Company has majority representation on the Board of the Over Fifty Guardian Friendly Society Limited (Guardian). However, as Guardian is a mutual organisation, the Company has no legal rights to Guardian's net assets, nor does it derive any benefit from exercising its power and therefore does not control Guardian.



## E4 Parent entity disclosure

As at, and throughout the current and previous financial year, the parent entity of the Group was Centuria Capital Limited.

	2021 \$'000	2020 \$'000
<b>Result of parent entity</b>		
Profit for the year	28,258	22,152
Total comprehensive income for the year	28,258	22,152
<b>Financial position of parent entity at year end</b>		
Total assets	847,907	212,554
Total liabilities	(179,578)	(26,207)
Net assets	668,329	186,347

The parent entity presents its assets and liabilities are classified as current, except for the parent entity's investments in subsidiaries. The assets of the parent entity mainly consist of cash, short term receivables, investments in subsidiaries and deferred tax assets. The parent entity's investment in subsidiaries are measured at cost. The liabilities of the parent entity mainly consist of short term payables.

### Total equity of the parent entity comprising of:

Share capital	386,633	177,149
Share-based incentive reserve	4,898	3,322
Retained earnings	276,798	5,876
<b>Total equity</b>	<b>668,329</b>	<b>186,347</b>

### (a) Guarantees entered into by the parent entity

The parent entity has, in the normal course of business, entered into guarantees in relation to the debts of its subsidiaries during the financial year.

### (b) Commitments and contingent liabilities of the parent entity

The parent entity has bank guarantees of \$3,349,911 for commercial leases with respect to its Sydney and Melbourne office premises. These bank guarantees are cash collateralised.

The above guarantees are issued in respect of the parent entity and do not constitute an additional liability to those already existing in liabilities on the statement of financial position.

The directors of the Company are not aware of any other contingent liabilities in relation to the parent entity, other than those disclosed in the financial statements.

## F Other

### F1 Share-based payment arrangements

#### (a) LTI Plan details

The Company has an Executive Incentive Plan ("LTI Plan") which forms a key element of the Company's incentive and retention strategy for senior executives under which Performance Rights ("Rights") are issued.

Each employee receives ordinary securities of the Group on vesting of the performance rights. No amounts are paid or payable by the recipient on receipt of the performance rights or on vesting. The performance rights carry neither rights to dividends nor voting rights prior to vesting.

It is expected that future annual grants of performance rights will be made, subject to the Board's determination of the overall performance of the Group and market conditions. The vesting of any performance rights awarded will be subject to attainment of appropriate performance hurdles and on the basis of continuing employment with the Group.

Further details of the LTI Plan are included in the Audited remuneration report from page 14 to page 36.

	2021	2020
Performance rights outstanding at the beginning of the year	7,090,373	5,727,134
Performance rights granted during the year	3,861,014	2,892,669
Performance rights vested during the year	(1,991,288)	(1,529,430)
Performance rights outstanding at the end of the year	8,960,099	7,090,373

The performance objectives for 2,297,578 of the performance rights issued under Tranche 6 were met in full at 30 June 2021. As a result, these rights will vest on 11 August 2021.

#### (b) Measurement of fair values

The fair value of the rights was calculated using a binomial tree valuation methodology for the Rights with non-market vesting conditions and a Monte-Carlo simulation for the Rights with market vesting conditions.

The inputs used in the measurement of the fair values at grant date of the rights were as follows:

	Tranche 6	Tranche 7	Tranche 8
Expected vesting date	31 August 2021	31 August 2022	31 August 2023
Share price at the grant date	\$1.32	\$2.13	\$2.51 and \$2.37
Expected life	2.6 years	2.9 years	2.8 years
Volatility	18%	18%	26%
Risk free interest rate	1.75%	0.76%	0.11% and 0.12%
Dividend yield	6.5%	4.5%	4.2%

The following table sets out the fair value of the rights at the respective grant date:

Performance Condition	Tranche 6	Tranche 7	Tranche 8
Growth in FUM	\$1.11	\$1.87	-
Absolute TSR	\$0.19	\$0.79	\$1.29 and \$1.10 (i)
Relative TSR	-	-	\$1.75 and \$1.58 (ii)

(i) \$1.29 for Chief Executive Officers and \$1.10 for other employees.

(ii) \$1.75 for Chief Executive Officers and \$1.58 for other employees.

During the year, share based payment expenses were recognised of \$3,058,000 (2020: \$1,737,023).

## F1 Share-based payment arrangements (continued)

### Recognition and measurement

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates with respect to non-market vesting conditions, if any, is recognised in profit for the year such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

## F2 Guarantees to Benefit Fund policyholders

Centuria Life Limited ("CLL") provides a guarantee to policyholders of two of its Benefit Funds, Centuria Capital Guaranteed Bond Fund and Centuria Income Accumulation Fund (collectively "Funds") as described below.

If CLL is required under the bond rules to pay policy benefits to a policy owner as a consequence of the termination of a bond or the maturity or surrender of a policy, and CLL determines that the sums to be paid to the policy owner from the bonds shall be less than the amounts standing to the credit of the relevant accumulation account balance (or in the case of a partial surrender, the relevant proportion of the accumulation account balance), CLL guarantees to take all action within its control, including making payment from its management fund to the policy owner to ensure that the total sums received by the policy owner as a consequence of the termination, maturity or surrender equal the relevant accumulation account balance, or in the case of a partial surrender, the relevant proportion thereof.

No provision has been raised in respect of these guarantees at this time for the following reasons:

- The Funds follow an investment strategy that is appropriate for the liabilities of the Funds. The Funds cannot alter their investment strategy without the approval of the members and APRA, following a report from the appointed actuary;
- The Funds must meet the capital adequacy standards of APRA which results in additional reserves being held within the Funds to enable the Funds to withstand a "shock" in the market value of assets. If the Funds can withstand a shock in asset values and still meet their liabilities from their own reserves, then this further reduces the likelihood of the Funds calling on the guarantee provided; and
- CLL also continues to meet the ongoing capital requirements set by APRA.

## F3 Financial instruments

### (a) Management of financial instruments

The Board is ultimately responsible for the Risk Management Framework of the Group.

The Group employs a cascading approach to managing risk, facilitated through delegation to specialist committees and individuals within the Group.

The Group is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management and investment policies, approved by the Board, seek to minimise the potential adverse effects of these risks on the Group's financial performance. These policies may include the use of certain financial derivative instruments.

CLL has also established an Investment Committee. The Investment Committee's function is to manage and oversee the Benefit Fund investments in accordance with the investment objectives and framework. Specifically, it has responsibility for setting and reviewing strategic asset allocations, reviewing investment performance, reviewing investment policy, monitoring and reporting on the performance of the investment risk management policy and performing risk management procedures in respect of the investments.

From time to time, the Group outsources certain parts of the investment management of the Benefit Funds to specialist investment managers including co-ordinating access to domestic and international financial markets, and managing the financial risks relating to the operations of the Group in accordance with an investment mandate set out in the Group's constitution and the Benefit Funds' product disclosure statements. The Benefit Funds' investment mandates are to invest in equities and fixed interest securities via unit trusts, discount securities and may also invest in derivative instruments such as futures and options.

### F3 Financial instruments (continued)

#### (a) Management of financial instruments (continued)

The Group uses interest rate swaps to manage interest rate risk and not for speculative purposes in any situation. Hedging is put in place where the Group is either seeking to minimise or eliminate cash-flow variability, i.e. converting variable rates to fixed rates, or changes in the fair values of underlying assets or liabilities, i.e. to convert fixed rates to variable rates.

Derivative financial instruments of the Benefit Funds, consolidated into the financial statements of the Group under AASB 10 Consolidated Financial Statements, are used only for hedging factual or anticipated exposures relating to investments. The use of financial derivatives in respect of Benefit Funds is governed by the Benefit Funds' investment policies, which provide written principles on the use of financial derivatives.

#### (b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of debt and equity capital. This overall strategy remains unchanged from the prior year.

The Group's capital structure consists of net debt (borrowings, offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves and retained earnings).

The Group carries on business throughout Australia and New Zealand, primarily through subsidiary companies that are established in the markets in which the Group operates. The operations of CLL are regulated by APRA and the management fund of CLL as a minimum Prescribed Capital Amount (PCA) that must be maintained at all times. It is calculated monthly and these results are reported to the Board each month. The current level of share capital of CLL meets the PCA requirements.

In addition, Centuria Property Funds Limited, Centuria Funds Management Limited, Centuria Property Fund No.2 Limited, Centuria Healthcare Asset Management Limited and Heathley Funds Distribution Limited have AFS licences so as to operate registered property trusts. Regulations require these entities to hold a minimum net asset amount which is maintained by way of cash term deposits and listed liquid investments.

Operating cash flows are used to maintain and, where appropriate, expand the Group's funds under management as well as to make the routine outflows of tax, dividends and repayment of maturing debt. The Group regularly reviews its anticipated funding requirements and the most appropriate form of funding (capital raising or borrowings) depending on what the funding will be used for.

The capital structure of the Benefit Funds (and management fund) consists of cash and cash equivalents, bill facilities and mortgage assets. The Benefit Funds also hold a range of financial assets for investment purposes including investments in unit trusts, equity and floating rate notes. The Investment Committee aims to ensure that there is sufficient capital for possible redemptions by policyholders of the Benefit Funds by regularly monitoring the level of liquidity in each fund.

The Benefit Funds have no restrictions or specific capital requirements on the application and redemption of units. The Benefit Funds' overall investment strategy remains unchanged from the prior year.

### F3 Financial instruments (continued)

#### (c) Fair value of financial instruments

##### (i) Valuation techniques and assumptions applied in determining fair value

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. Discount rates are determined based on market rates applicable to the financial asset or liability.

The valuation technique used to determine the fair value of the Group's reverse mortgage loan book is as follows:

- the weighted average reverse mortgage holders' age is 82 years;
- the future cash flows calculation is related to borrowers' mortality rates and mortality improvements. The data is sourced from mortality tables sourced from externally published data.
- fixed or variable interest rates charged to borrowers are used to project future cash flows;
- a redemption rate, which is based on historical loan redemption experience, applies to future cash flow forecast; and
- year-end yield curve plus a credit margin is used to discount future cash flows back to 30 June 2021 to determine the fair value.

##### (ii) Valuation techniques and assumptions applied in determining fair value of derivatives

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The valuation technique used to determine the fair value of the Fixed for Life interest rate swaps is as follows:

- the weighted average reverse mortgage holders' age is 82 years;
- the expected future cash flows in relation to the swaps are based on reverse mortgage borrowers' expected life expectancy sourced from mortality tables provided by the actuary; and the difference between the fixed swap pay rates and forward rates as of 30 June 2021 is used to calculate the future cash flows in relation to the swaps; and year-end yield curve plus a credit margin is used to discount future cash flows back to 30 June 2021 to determine the fair value.

##### (iii) Fair value measurements recognised in the statement of financial position

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

The table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1, 2 and 3 in the period.

### F3 Financial instruments (continued)

#### (c) Fair value of financial instruments (continued)

##### (iii) Fair value measurements recognised in the statement of financial position (continued)

30 June 2021	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	273,351	273,351
Receivables	Amortised cost	Not applicable	127,197	127,197
Financial assets	Fair value	Level 1	811,661	811,661
Financial assets	Fair value	Level 2	123,373	123,373
Financial assets - mortgage backed assets	Fair value	Level 3	1,181	1,181
Reverse mortgages receivables	Fair value	Level 3	54,309	54,309
			<b>1,391,072</b>	<b>1,391,072</b>
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	88,675	88,675
Benefit Funds policy holders' liability	Amortised cost	Not applicable	303,650	303,650
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	426,642	430,576
Interest rate swaps - reverse mortgage fixed-for-life	Fair value	Level 3	31,205	31,205
Call/Put option liability	Fair value	Level 3	22,690	22,690
			<b>872,862</b>	<b>876,796</b>
<b>30 June 2020</b>				
	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	174,458	174,458
Receivables	Amortised cost	Not applicable	68,729	68,729
Financial assets	Fair value	Level 1	639,398	639,398
Financial assets	Fair value	Level 2	73,920	73,920
Financial assets - mortgage backed assets	Fair value	Level 3	1,195	1,195
Reverse mortgages receivables	Fair value	Level 3	58,904	58,904
			<b>1,016,604</b>	<b>1,016,604</b>
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	76,532	76,532
Benefit Funds policy holders' liability	Amortised cost	Not applicable	311,535	311,535
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	265,051	267,907
Interest rate swaps - controlled property funds	Fair value	Level 2	636	636
Interest rate swaps - reverse mortgage fixed-for-life	Fair value	Level 3	32,752	32,752
Call/Put option liability	Fair value	Level 3	17,167	17,167
			<b>703,673</b>	<b>706,529</b>

The Group determines Level 2 fair values for financial assets and liabilities without an active market based on broker quotes. Level 2 fair values for simple over-the-counter derivatives are also based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the entity and counterparty where appropriate.

### F3 Financial instruments (continued)

#### (c) Fair value of financial instruments (continued)

##### (iii) Fair value measurements recognised in the statement of financial position (continued)

The Level 3 financial asset held by the Group is the fair value of the residential mortgage receivables attributable to interest rate risk. The Level 3 financial liability held by the Group is the fixed-for-life interest rate swaps. These items are designated in a fair value hedging relationship, with the fair value movements on the swaps offset by the fair value movements in the mortgage receivables. However, as the Group has only designated the fair value movements attributable to interest rate risk in the hedging relationship, any other fair value movements impact the profit and loss directly, such as credit risk movements.

##### (iv) Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Other mortgage backed assets at fair value \$'000	Reverse mortgages fair value \$'000	Fixed-for-life interest rate swaps \$'000	Call/Put option liability \$'000	Total \$'000
<b>Year ended 30 June 2021</b>					
Balance at 1 July 2020	1,195	58,904	(32,752)	(17,167)	10,180
Loan repaid	(14)	(2,126)	720	-	(1,420)
Call/Put option liability	-	-	-	(5,523)	(5,523)
Accrued interest	-	2,965	(1,925)	-	1,040
Attributable to interest rate and other risk	-	(5,152)	8,080	-	2,928
Attributable to credit risk	-	(282)	(5,328)	-	(5,610)
Balance at 30 June 2021	1,181	54,309	(31,205)	(22,690)	1,595
	Other mortgage backed assets at fair value \$'000	Reverse mortgages fair value \$'000	Fixed-for-life interest rate swaps \$'000	Call/Put option liability \$'000	Total \$'000
<b>Year ended 30 June 2020</b>					
Balance at 1 July 2019	1,215	53,720	(28,083)	-	26,852
Loan repaid	(20)	(1,646)	465	-	(1,201)
Call/Put option liability	-	-	-	(17,167)	(17,167)
Accrued interest	-	2,871	(1,760)	-	1,111
Attributable to interest rate and other risk	-	4,782	(4,669)	-	113
Attributable to credit risk	-	(823)	1,295	-	472
Balance at 30 June 2020	1,195	58,904	(32,752)	(17,167)	10,180

## F3 Financial instruments (continued)

### (c) Fair value of financial instruments (continued)

#### Key estimates and judgements

The fair value of the 50-year residential mortgage loans and 50-year swaps are calculated using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument and not based on available observable market data due to the illiquid nature of the instruments. A discounted cash flow model is used for analysis using the applicable yield curve out to 20 years, with the yield curve at 20 years employed as the best proxy for subsequent rates due to non-observable market data and to reflect the average remaining life expectancy of the borrowers.

Assumptions and inputs used for valuation of reverse mortgage loan receivables:

- The loan interest compounding period is the expected remaining life of the borrower;
- Mortality rates for males and females are based on portfolio-adjusted 2013-2015 Life Tables;
- The compounding interest rate is the fixed rate of loan for the period from day 1 up to the point of time when loan carrying amount equals the property value. After that point of time, the loan compounding rate will be reduced to the same as long term residential property growth rate determined by Management, on the grounds that any fixed rate exceeding the property growth rate will not be recovered after that point of time;
- For 30 June 2021 valuation, the property growth rates are 3.5% for FY22, 3.5% for FY23, then reverted to a 3.5% flat rate from FY23 onwards;
- Discount factors are calculated based on the market quoted long term rates on 30 June 2021;
- The 1.2% flat credit risk premium, reflecting the portfolio default profile on 30 June 2021, is added to the monthly cash flow discount factors to discount future cash flows generated by the reverse mortgage loans.

Assumptions and inputs used for valuation of the 50-year interest rate swaps:

- Mortality rates for males and females based on portfolio-adjusted 2013-2015 Life Tables. The improvement factor tapers down to 1% p.a. at age 90 and then zero at age 100;
- Joint life mortality is calculated based on last death for loans with joint borrowers;
- 45% of the residential mortgage loan portfolio consists of joint lives;
- Discount factors are calculated based on the market quoted long term rates on 30 June 2021;
- The 1.171% flat credit risk premium, reflecting the business default profile on 30 June 2021, is added to the monthly cash flow discount factors to discount future cash flows generated by the reverse mortgage loans.

#### Recognition and measurement

The Group enters into derivative financial instruments such as interest rate swaps to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.



### F3 Financial instruments (continued)

#### (d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security, where appropriate, as a means of mitigating risk of financial loss from default. The credit risk on financial assets of the Group and the parent recognised in the statement of financial position is generally the carrying amount, net of allowance for impairment loss.

Concentration of risk may exist when the volume of transactions limits the number of counterparties.

##### (i) Credit risk of reverse mortgages

Concentration of credit risk in relation to reverse mortgage loans is minimal, as each individual reverse mortgage loan is secured by an individual residential property. The loan is required to be settled off from the proceeds of disposal of the secured property after the borrower's death.

Individual property valuations are conducted at least every 3 years in accordance with financier's requirements. At 30 June 2021, the highest loan to value ratio (LVR) of a loan in the reverse mortgage loan book is 117% (2020: 131%), and there are 77 out of 182 (2020: 69 out of 196) reverse mortgage loans where the LVR is higher than 50%.

##### (ii) Credit risk on other financial assets

Credit risk on other financial assets such as investments in floating rate notes, standard discount securities and unit trusts is managed through strategic asset allocations with creditworthy counterparties and the on-going monitoring of the credit quality of investments, including the use of credit ratings issued by well-known rating agencies. The exposure of credit risk in respect of financial assets is minimal.

The Group does not have any significant credit risk exposure to any single entity in other financial assets or any group of counterparties having similar characteristics.

#### (e) Liquidity risk

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities.

The liquidity risk is managed for the Group at a corporate level. Bank account balances across all entities, current and future commitments, and expected cash inflows are reviewed in detail when the monthly cash flow projection is prepared for management purposes and presented to the Board at its regular monthly meetings. By comparing the projected cash flows with the assets and liabilities shown in the individual and consolidated statements of financial position, which are also prepared on a monthly basis for management purposes and presented to the Board, liquidity requirements for the Group can be determined. Based on this review, if it is considered that the expected cash inflows plus liquidity on hand, may not be sufficient in the near term to meet cash outflow requirements, including repayment of borrowings, a decision can be made to carry out one or more of the following:

- renegotiate the repayment terms of the borrowings;
- sell assets that are held on the statement of financial position; and/or
- undertake an equity raising.

This, combined with a profitable business going forward, should ensure that the Group continues to meet its commitments, including repayments of borrowings, as and when required.

The Group's overall strategy to liquidity risk management remains unchanged from the prior year.

The following table summarises the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the parent can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The policyholders in the Benefit Funds are able to redeem their policies at any time and the Benefit Funds are therefore exposed to the liquidity risk of meeting policyholders' withdrawals at any time. The Investment Committee aims to ensure that there is sufficient capital for possible redemptions by policyholders of the Benefit Funds by regularly monitoring the level of liquidity in each fund.

### F3 Financial instruments (continued)

#### (e) Liquidity risk (continued)

	On demand	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivative financial liabilities</b>						
<b>2021</b>						
Borrowings	-	782	12,658	477,917	-	491,357
Payables	-	88,675	-	-	-	88,675
Call/Put option liability	-	-	-	28,141	-	28,141
Benefit Funds policyholder's liability	303,650	-	-	-	-	303,650
Finance lease liabilities	-	822	2,403	13,285	10,050	26,560
<b>Total</b>	<b>303,650</b>	<b>90,279</b>	<b>15,061</b>	<b>519,343</b>	<b>10,050</b>	<b>938,383</b>

<b>2020</b>						
Borrowings	-	1,010	72,001	221,360	-	294,371
Payables	-	76,532	-	-	-	76,532
Call/Put option liability	-	-	-	24,942	-	24,942
Benefit Funds policyholder's liability	311,535	-	-	-	-	311,535
Finance lease liabilities	-	443	1,404	8,938	11,779	22,564
<b>Total</b>	<b>311,535</b>	<b>77,985</b>	<b>73,405</b>	<b>255,240</b>	<b>11,779</b>	<b>729,944</b>

The following table summarises the maturing profile of derivative financial liabilities. The table has been drawn up based on the undiscounted net cash flows on the derivative instruments that settle on a net basis.

	On demand	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Derivative financial liabilities</b>						
<b>2021</b>						
Interest rate swaps	-	66	212	2,342	45,171	47,791
<b>Total</b>	<b>-</b>	<b>66</b>	<b>212</b>	<b>2,342</b>	<b>45,171</b>	<b>47,791</b>

<b>2020</b>						
Interest rate swaps	-	51	867	1,874	49,159	51,951
<b>Total</b>	<b>-</b>	<b>51</b>	<b>867</b>	<b>1,874</b>	<b>49,159</b>	<b>51,951</b>

#### (f) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and price risk. Due to the nature of assets held by the Group (excluding the Benefit Funds), there is an asset and liability management process which determines the interest rate sensitivity of the statement of financial position and the implementation of risk management practices to hedge the potential effects of interest rate changes. The Group manages the market risk associated with its Benefit Funds by outsourcing its investment management. The Investment Manager manages the financial risks relating to the operations of the Benefit Funds in accordance with an investment mandate set out in the Benefit Funds' constitution and PDS. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

#### (i) Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. Management of this risk is evaluated regularly and interest rate swaps are used accordingly.

### F3 Financial instruments (continued)

#### (f) Market risk (continued)

##### (i) Interest rate risk management (continued)

The tables below detail the Group's interest bearing financial assets and liabilities.

	Weighted average effective interest rate %	Variable rate \$'000	Fixed rate \$'000	Total \$'000
<b>2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	0.13%	247,100	26,251	273,351
Other financial assets held by Benefit Funds	0.88%	122,219	3,825	126,044
Reverse mortgage receivables	8.71%	710	53,509	54,219
Total financial assets		370,029	83,585	453,614
<b>Financial liabilities</b>				
Borrowings	3.54%	(397,276)	(29,366)	(426,642)
Total financial liabilities		(397,276)	(29,366)	(426,642)
Net interest bearing financial assets/(liabilities)		(27,247)	54,219	26,972

	Weighted average effective interest rate %	Variable rate \$'000	Fixed rate \$'000	Total \$'000
<b>2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	0.24%	150,752	23,706	174,458
Other financial assets held by Benefit Funds	0.71%	79,902	81,397	161,299
Other interest bearing loans	10.00%	-	6,702	6,702
Reverse mortgage receivables	8.64%	1,181	57,723	58,904
Total financial assets		231,835	169,528	401,363
<b>Financial liabilities</b>				
Borrowings	4.19%	(171,228)	(93,823)	(265,051)
Total financial liabilities		(171,228)	(93,823)	(265,051)
Net interest bearing financial assets		60,607	75,705	136,312

##### (ii) Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of fixed rate financial assets held and the cash flow exposures on the issued variable rate debt.

The following table details the notional principal amounts and remaining expiry of the Group's outstanding interest rate swap contracts as at reporting date. These swaps are at fair value through profit and loss.

### F3 Financial instruments (continued)

#### (f) Market risk (continued)

##### (ii) Interest rate swap contracts (continued)

	Average contracted rate		Notional principal amount		Fair value	
Pay fixed for floating contracts designated as effective in fair value hedge	2021 %	2020 %	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Controlled property funds interest rate swaps	-%	1.11%	-	70,000	-	(636)
50 years swaps contracts	7.48%	7.48%	9,301	9,921	(31,205)	(32,752)
			9,301	79,921	(31,205)	(33,388)

##### (iii) Interest rate sensitivity

The sensitivity analysis below has been determined based on the parent and the Group's exposure to interest rates at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of financial assets and financial liabilities that have variable interest rates. A 25 basis point (0.25%) increase or decrease represents management's assessment of the reasonably possible change in interest rate.

At reporting date, if variable interest rates had been 25 (2020: 25) basis points higher or lower and all other variables were held constant, the impact to the Group would have been as follows:

	Effect on profit after tax			
	Change in variable 2020	Change in variable 2019	2021 \$'000	2020 \$'000
<b>Consolidated</b>				
Interest rate risk	+0.25%	+0.25%	(496)	(181)
<b>Consolidated</b>				
Interest rate risk	-0.25%	-0.25%	500	109

The methods and assumptions used to prepare the sensitivity analysis have not changed in the year. The sensitivity analysis takes into account interest-earning assets and interest-bearing liabilities attributable to the securityholders only, and does not take into account the bank bill facility margin changes.

### F3 Financial instruments (continued)

#### (f) Market risk (continued)

##### (iv) Fair value hedges

The Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity		
	1-6 months	6-12 months	More than one year
<b>Interest rate swaps - as at 30 June 2021</b>			
Net exposure (\$'000)	-	-	<b>9,301</b>
Average fixed interest rate	-	-	7.48%
<b>Interest rate swaps - as at 30 June 2020</b>			
Net exposure (\$'000)	-	-	<b>9,921</b>
Average fixed interest rate	-	-	7.48%

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

Interest rate swaps (\$'000)	Nominal Amount	Assets	Liabilities	Hedge ineffectiveness recognised in profit or loss
<b>30 June 2021</b>	9,301	-	(31,205)	84
<b>30 June 2020</b>	9,921	-	(32,752)	38

Interest rate swaps are recognised as interest rate swaps at fair value line item in the statement of financial position. The line item in the profit or loss statement that includes hedge effectiveness is within finance costs.

### F4 Remuneration of auditors

Amounts received or due and receivable by KPMG:

	2021 \$	2020 \$
Audit and review of the financial report	<b>711,048</b>	420,565
Other services including AFSL and compliance plan audits	<b>141,611</b>	125,500
Non-audit services	<b>162,500</b>	114,266
	<b>1,015,159</b>	660,331

### F5 Events subsequent to the reporting date

In July 2021, \$34,100,000 cash consideration was received for the two final social affordable housing developments, 45 Pendlebury Road, Cardiff NSW and 357-359 Mann Street, North Gosford NSW.

Other than the above, there has not arisen in the interval between 30 June 2021 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

## Directors' declaration

In the opinion of the Directors' of Centuria Capital Limited:

- (a) the consolidated financial statements and notes set out on pages 38 to 99 and the Remuneration Report set out on pages 14 to 36 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note A1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Joint Chief Executive Officers and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
11 August 2021



# Independent Auditor's Report

To the stapled security holders of Centuria Capital Group

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Centuria Capital Limited (the Company) as the deemed parent presenting the stapled security arrangement of the Centuria Capital Group (the Stapled Group Financial Report).

In our opinion, the accompanying Financial Report is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Stapled Group's** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** of the Stapled Group comprises:

- Consolidated statement of financial position as at 30 June 2021
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Centuria Capital Group (the **Stapled Group**) consists of the Company and the entities it controlled at the year-end or from time to time during the financial year and Centuria Capital Fund and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Stapled Group and the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Key Audit Matters

The **Key Audit Matters** we identified are:

- Accounting for acquisitions
- Recognition of performance fee income
- Recoverable amount of goodwill and indefinite life intangible assets

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Accounting for acquisitions

Refer to Note E2 to the Financial Report

#### The key audit matter

During the year, the Stapled Group acquired 98.4% interest in Primewest Group Limited ('Primewest') with the remaining 1.6% under compulsory acquisition and subsequently settled in July 2021.

Acquisition accounting is identified as a key audit matter given the significance to the financial statements and the significant judgment required to assess the:

- Effective date of the transaction based on the evidence and determination of the date of control and consolidation;
- Fair value of consideration transferred;
- Fair value of acquired assets and liabilities including the value of identifiable intangible assets (e.g. management rights); and
- Recognition of goodwill arising from the acquisition;

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

#### How the matter was addressed in our audit

In performing our procedures, we:

- Obtained an understanding of the acquisition by examining the transaction documents.
- Considered the Stapled Group's determination of the date control was obtained. We did this by evaluating the facts and circumstances of the transaction and their relevance to the Stapled Group's assessment of control and impact on the date control was obtained.
- Assessed the Stapled Group's determination of the fair value of consideration transferred, considering all available information including published prices and contractual agreements.
- Worked with our valuation specialists to assess the Stapled Group's determination of fair value of acquired assets and liabilities. In particular, we focused on the fair value of identifiable intangible assets (e.g. management rights).
- Evaluated the recognition of goodwill against accounting standard requirements.
- Assessed the appropriateness of the relevant disclosures in the Financial Report against accounting standard requirements.



Recognition of performance fee income (\$17.9m)	
Refer to Note B2 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Stapled Group, in its capacity as a property fund manager, earns performance fees based on agreements with some of its managed property funds. Performance fees are triggered when underlying funds internal rate of return exceeds the agreed hurdle rate.</p> <p>Recognition of performance fee income is considered a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>Quantum of performance fee income, representing 8% of the Stapled Group's total revenue; and</li> <li>Significant judgement exercised by us in assessing the amount of performance fees recognised by the Stapled Group. The key assumptions impacting the amount of performance fees, are subject to estimation uncertainty, bias and inconsistent application. This increases the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. Increased time and effort is spent by the audit team in assessing these key assumptions.</li> </ul> <p>The amount of performance fees recognised are impacted by key assumptions including:</p> <ul style="list-style-type: none"> <li>Fair value of underlying investment properties held by the funds. The valuation of investment properties contains assumptions with estimation uncertainty such as expected capitalisation rates and market rental yields. This leads to additional audit effort due to the differing assumptions based on asset classes, geographies and characteristic of individual investment properties.</li> <li>Forecast fund end date. The fund end date impacts the level of returns that can be achieved over the course of the funds life and may change depending on management's view of when maximum value can be obtained for unitholders of the fund.</li> <li>Constraint. This is impacted by the Stapled Group's expectations of how much of the performance fee is highly probable of being received in accordance with the requirements of the accounting standards.</li> </ul>	<p>In performing our procedures, we:</p> <ul style="list-style-type: none"> <li>Read the Stapled Group's agreements with managed property funds to understand the key terms related to performance fees, including hurdle rates.</li> <li>Evaluated the Stapled Group's accounting policies regarding the recognition of performance fee income against accounting standard requirements. This included assessing the Stapled Group's policies for constraining performance fee income and valuing investment properties against accounting standard requirements.</li> <li>Assessed the scope, competence and objectivity of the fund's external experts and their internal valuers to fair value the underlying investment properties held by the funds.</li> <li>Challenged specific property fair value assumptions such as capitalisation rates and market rental yields by comparing to market analysis published by industry experts, recent market transactions, inquiries with the Stapled Group, historical performance of the underlying investment properties and using our industry experience.</li> <li>Assessed the Stapled Group's determination of the forecast fund end date based on the underlying managed property fund agreements, the fair value of underlying investment properties, the Stapled Group's fund strategy and history of extending fund term end dates.</li> <li>Recalculated the Stapled Group's performance fee recognised against hurdles in the underlying performance fee agreements with managed property funds.</li> <li>Challenged the constraints applied in determining the amount of performance fees that are highly probable of being received by the Stapled Group, based on the Stapled Group's estimate of current and forecast property fund performance. We used our knowledge of the Stapled Group, their past performance, business, and our industry experience.</li> </ul>

Recoverable amount of goodwill and indefinite life intangible assets (\$790.6m)	
Refer to Note C6 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>A key audit matter is the Group's annual testing of goodwill and indefinite life intangible assets for impairment, given the size of the balance (being 31% of total assets) and sensitivity of the forward-looking assumptions to small changes. We focused on the significant forward-looking assumptions the Stapled Group applied in their value in use model, including:</p> <ul style="list-style-type: none"> <li>• Forecast operating cash flows, growth rates and terminal growth rates (taking into consideration future growth in funds under management and transactional fees). The Group's model is sensitive to small changes in these assumptions, which may reduce available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy.</li> <li>• Discount rate - this is complicated in nature and varies according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time. The Group's modelling is highly sensitive to changes in the discount rate.</li> </ul> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>In performing our procedures, we:</p> <ul style="list-style-type: none"> <li>• Considered the appropriateness of the value in use method applied by the Stapled Group, to perform the annual test of goodwill and indefinite life intangible assets for impairment, against the requirements of the accounting standards.</li> <li>• Compared the forecast cash flows contained in the value in use model to the Board approved forecast.</li> <li>• Assessed the accuracy of previous Stapled Group forecasts to inform our evaluation of forecasts incorporated in the model.</li> <li>• Challenged the Stapled Group's significant forecast cash flow and growth assumptions: <ul style="list-style-type: none"> <li>- Challenged the Stapled Group's significant forecast cash flows by comparing baseline cash flows to actual historic cash flows and comparing key events to the Board approved plan and strategy.</li> <li>- With the assistance of our valuation specialists, compared terminal growth rates to published studies of industry trends and expectations, and considered differences to the Stapled Group's operations. We used our knowledge of the Stapled Group, their past performance, business and customers, and our industry experience.</li> <li>- Checked the consistency of the forecast growth rates to the Stapled Group's stated plan and strategy and our experience regarding the feasibility of these in the economic environment in which they operate.</li> </ul> </li> <li>• Worked with our valuation specialists to independently develop a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Stapled Group and the industry it operates in.</li> </ul>

	<ul style="list-style-type: none"> <li>• Considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus on our further procedures.</li> <li>• Assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.</li> </ul>
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## Other Information

Other Information is financial and non-financial information in the Stapled Group's (Centuria Capital Group) annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, Remuneration Report, the Stock Exchange Appendix 4E and Additional stock exchange information. The About Centuria, Vision & Strategy, Australasian Real Estate Platform, Key Metrics, Key Financial Metrics, Chairman's Report, Joint CEO Report, Expanding our Funds Management Platform, Centuria's Dual Growth Strategy, In-house Management & COVID-19 and A Focus on Environmental, Social & Governance (ESG) are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Stapled Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Stapled Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Centuria Capital Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 14 to 36 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Paul Thomas

Partner

Sydney

11 August 2021

## Additional stock exchange information

The securityholder information set out below was applicable as at 6 August 2021.

### Distribution of securities

Analysis of numbers of securityholders by size of holding:

Holding	Number of holders	Number of securities
1 - 1000	1,764	846,611
1,001 - 5,000	4,732	12,014,511
5,001 - 10,000	1,346	9,591,401
10,001 - 100,000	1,515	42,759,032
100,001 and over	208	722,660,978
	<b>9,565</b>	<b>787,872,533</b>

There were 256 holders of less than a marketable parcel of securities holding 8,149 securities.

### Top 20 Securityholders

The names of the twenty largest holders of securities are listed below:

	Number held	Percentage of issued securities
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	145,714,383	18.50
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	135,484,935	17.20
CITICORP NOMINEES PTY LIMITED	58,893,435	7.48
HWM (NZ) HOLDINGS LIMITED	50,887,204	6.46
NATIONAL NOMINEES LIMITED	33,110,048	4.20
PENTEK HOLDINGS PTY LTD <J LITIS INV NO 2 A/C>	32,862,905	4.17
TOPSFIELD PTY LTD <JB INVESTMENT A/C>	31,958,042	4.06
CIRCLESTAR PTY LTD <DAVID SCHWARTZ FAM HOLD A/C>	28,377,402	3.60
THE TRUST COMPANY (AUSTRALIA) LIMITED <A/C 4>	26,142,468	3.32
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	17,925,886	2.28
BNP PARIBAS NOMS PTY LTD <DRP>	14,305,231	1.82
GH 2016 PTY LTD <HARVEY 2006 OPTION A/C>	9,536,034	1.21
BNP PARIBAS NOMS (NZ) LTD <DRP>	9,163,336	1.16
MARK EDWARD FRANCIS & ROCKRIDGE TRUSTEE COMPANY LIMITED <ROCKRIDGE A/C>	6,482,446	0.82
UBS NOMINEES PTY LTD	5,831,222	0.74
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	5,814,571	0.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	5,506,582	0.70
PARITAI PTY LIMITED <PARITAI A/C>	5,036,342	0.64
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	4,794,770	0.61
RESOLUTE FUNDS MANAGEMENT <HANOVER GRP STAFF SUPER A/C>	4,344,364	0.55
	<b>632,171,606</b>	<b>80.26</b>

## Substantial holders

Substantial holders in the Group are set out below as at 6 August 2021.

	Number held	Percentage
The Vanguard Group, Inc.	53,421,706	7.10%
HWM (NZ) Holdings Limited	50,887,204	6.46%
BlackRock Inc.	38,658,027	6.60%
	<u>142,966,937</u>	<u>20.16%</u>

## Voting rights

All ordinary securities carry one vote per security without restriction.

## **Centuria Capital Fund**

ACN 607 153 588

## **Financial Report for the year ended 30 June 2021**

Centuria Capital Fund comprises of Centuria Capital Fund ARSN 613 856 358 (the 'Fund') and its subsidiaries. The Responsible entity of the Fund is Centuria Funds Management Limited (the 'Company') ACN 607 153 588, AFSL 479 873.

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These consolidated financial statements are the financial statements of the consolidated entity consisting of Centuria Capital Fund and its subsidiaries. A list of subsidiaries is included in note E3. The consolidated financial statements are presented in the Australian currency.

Centuria Capital Fund is a trust, registered and domiciled in Australia.

Its registered office is:  
Centuria Capital Fund  
Level 41, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

The consolidated financial statements were authorised for issue by the Directors of the Responsible Entity on 11 August 2021.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholder's Centre on our website: [www.centuria.com.au](http://www.centuria.com.au)



## Directors' Report

The directors of Centuria Funds Management Limited (the 'Company') as the Responsible Entity for Centuria Capital Fund ('CCF') present their report together with the consolidated financial statements of the Fund and its controlled entities (the 'Fund') for the financial year ended 30 June 2021 and the auditor's report thereon.

ASX listed Centuria Capital Group consists of Centuria Capital Limited ('CCL') and its controlled entities including the Fund. The shares in CCL and the units in CCF are stapled, quoted and traded on the Australian Securities Exchange ('ASX') as if they were a single security under the ticker code 'CNI'.

### Directors and directors' interests

Directors of Centuria Funds Management Limited during or since the end of the financial year are:

<b>Name</b>	<b>Appointed</b>	<b>Directorship of other listed entities</b>	<b>Resigned</b>
Mr Garry Charny	8 August 2016	Centuria Capital Limited	
Mr Peter J. Done	8 August 2016	Centuria Capital Limited	
		Centuria Industrial REIT (CIP) (i)	
		Centuria Office REIT (COF) (ii)	
Mr John R. Slater	8 August 2016	Centuria Capital Limited	
Ms Susan Wheeldon	31 August 2016	Centuria Capital Limited	
Ms Kristie Brown	15 February 2021	Centuria Capital Limited	
Mr Nicholas Collishaw	8 August 2016	Centuria Capital Limited	
		Centuria Industrial REIT (CIP) (i)	
		Centuria Office REIT (COF) (ii)	
		Redcape Hotel Group (RDC) (iii)	
Mr John. E McBain	8 August 2016	Centuria Capital Limited	
Mr Jason C. Huljich	8 August 2016	Centuria Capital Limited	
Mr Wee Peng Cho	15 February 2021	None	1 April 2021

(i) Director of Centuria Property Funds No. 2 Limited as responsible entity for Centuria Industrial REIT

(ii) Director of Centuria Property Funds Limited as responsible entity for Centuria Office REIT

(iii) Director of Redcape Hotel Group Management Limited as responsible entity for Redcape Hotel Trust 1 and Redcape Hotel Trust 2

## Directors and directors' interests (continued)

Additional directors' information and their interests are detailed below:

<b>Mr Garry S. Charny, BA. LL.B. <i>Independent Non-Executive Director and Chairman</i></b>		
Experience and expertise	<p>Garry was appointed to the Board on 8 August 2016 and appointed Chairman of Centuria Capital Group on 30 March 2016. Garry is also Chairman of Centuria Life Limited and Over Fifty Guardian Friendly Society Limited.</p> <p>He is Managing Director and founding principal of Wolseley Corporate, an Australian based corporate advisory and investment house which transacts both domestically and internationally.</p> <p>He has significant, board-level experience in listed and unlisted companies across a diverse range of sectors including property, retail, technology and media. He formerly practised as a barrister in the fields of commercial and equity.</p>	
Other directorships	<p>Garry is Chairman of Wolseley Corporate. He is also Chairman of Spotted Turquoise Films, an international Film and Television company based in Sydney and Los Angeles. He is Chairman of Shero Investments, a Sydney based investment company.</p>	
Responsibilities	<p>Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Conflicts Committee (stepped down as Chairman on 1 May 2021)</p> <p>Chairman of the Nomination and Remuneration Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk Management and Compliance Committee</p> <p>Chairman of the Centuria Life Limited Board</p> <p>Member of the Centuria Life Limited Audit Committee</p> <p>Member of the Centuria Life Limited Risk and Compliance Committee</p> <p>Chairman of the Centuria Healthcare Pty Limited Board</p> <p>Chairman of the Over Fifties Guardian Friendly Society Limited Board</p> <p>Member of the Over Fifties Guardian Friendly Society Limited Audit Committee</p> <p>Member of the Over Fifties Guardian Friendly Society Limited Risk and Compliance Committee</p>	
Interests in CNI	Ordinary stapled securities	406,753

Directors and directors' interests (continued)

<b>Mr Peter J. Done</b> , B.Comm, FCA. <i>Independent Non-Executive Director</i>		
Experience and expertise	<p>Peter was appointed to the Board on 8 August 2016. Peter was a partner of KPMG for 27 years until his retirement in June 2006.</p> <p>He has extensive knowledge in accounting, audit and financial management in the property development and financial services industries, corporate governance, regulatory issues and Board processes through his many senior roles.</p>	
Other directorships	None	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Nomination and Remuneration Committee</p> <p>Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk Management and Compliance Committee</p> <p>Member of the Centuria Life Limited Board</p> <p>Chairman of the Centuria Life Limited Audit Committee</p> <p>Chairman of the Centuria Life Limited Risk and Compliance Committee</p> <p>Member of the Centuria Life Limited Investment Committee</p> <p>Member of the Centuria Property Funds Limited Board (stepped down as Chairman on 1 June 2021)</p> <p>Member of the Centuria Property Funds Limited Audit, Risk Management and Compliance Committee (stepped down as Chairman on 1 June 2021)</p> <p>Member of the Centuria Property Funds No. 2 Limited Board (stepped down as Chairman on 29 July 2020)</p> <p>Member of the Centuria Property Funds No. 2 Limited Audit, Risk Management and Compliance Committee (stepped down as Chairman on 29 July 2020)</p> <p>Member of the Over Fifties Guardian Friendly Society Limited Board</p> <p>Chairman of the Over Fifties Guardian Friendly Society Limited Audit Committee</p> <p>Chairman of the Over Fifties Guardian Friendly Society Limited Risk and Compliance Committee</p>	
Interests in CNI	Ordinary stapled securities	1,506,182

<b>Mr John R. Slater</b> , Dip.FS (FP), F Fin. <i>Independent Non-Executive Director</i>		
Experience and expertise	<p>John was appointed to the Board on 8 August 2016 having previously been an adviser to the Centuria Life Friendly Society since 2011.</p> <p>John was a senior executive at KPMG Financial Services prior to establishing a financial advisory practise. Since its acquisition he has focused on consulting activities and he has been a Board Member of Centuria Capital Limited since 2016. He also serves on the Nominations and Remuneration Committee</p> <p>John has deep experience in all financial market sectors gained over a 35 year career. He serves on the Investment Committees of Centuria Life and the Over Fifty Guardian Friendly Society and continues to be active in Investment Committee activities other non-aligned financial group's.</p>	
Other directorships	None	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Nomination and Remuneration Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk Management and Compliance Committee</p> <p>Member of the Centuria Life Limited Board</p> <p>Chairman of the Centuria Life Limited Investment Committee</p> <p>Member of the Over Fifties Guardian Friendly Society Limited Investment Committee</p>	
Interests in CNI	Ordinary stapled securities	3,110,677

Directors and directors' interests (continued)

<b>Ms Susan Wheeldon, MBA. <i>Independent Non-Executive Director</i></b>		
Experience and expertise	<p>Susan was appointed to the Board on 31 August 2016.</p> <p>Susan is Country Manager for Australia and New Zealand at Airbnb. Previously, she served in a number of roles, including Head of Government &amp; Performance and Head of Agency at Google, working with major national and global companies to develop and deliver growth strategies that future-proof and build clients' businesses and brands in a constantly changing environment.</p> <p>She has previous experience in retail property asset management at AMP Capital Shopping Centres, as Head of Brand &amp; Retail, responsible for delivering alternative revenue from 38 retail assets across Australia and New Zealand with combined annual sales in excess of \$5 billion.</p>	
Other directorships	None	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Conflicts Committee</p> <p>Chairman of the Culture, People and ESG Committee</p> <p>Member of the Centuria Life Limited Board (resigned on 28 July 2020)</p>	
Interests in CNI	Ordinary stapled securities	nil

<b>Ms Kristie Brown, B. Comm, B. Law (Hon) <i>Independent Non-Executive Director</i></b>		
Experience and expertise	<p>Kristie Brown is an experienced real estate investment and legal professional who joins the Centuria Board as an Independent Non-Executive Director as well as a member of the Group's Audit, Risk and Compliance Committee (ARCC). Ms Brown is a founding partner of investment firm, Couloir Capital, and established Danube View Investments following 16 years at blue-chip law firms.</p>	
Other directorships	Director of Couloir Capital	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk Management and Compliance Committee</p>	
Interests in CNI	Ordinary stapled securities	nil

## Directors and directors' interests (continued)

<b>Mr Nicholas R. Collishaw</b> , SAFin, FAAP, FRICS. <i>Non-Executive Director</i>		
Experience and expertise	<p>Nicholas has been a Non-Executive Director of Centuria Capital Group since October 2017. Previously he was Centuria Capital's CEO of Listed Property Funds, joining in May 2013. Nicholas brings to the Boards more than 30 years experience across domestic and international real estate and investment markets.</p> <p>Between 2005 and 2008, he was Mirvac Group's Executive Director, Investment. Between 2008 and 2012, he was Mirvac Group's CEO, responsible for successfully guiding the real estate development and investment company through the Global Financial Crisis and implementing sustained growth strategies.</p> <p>Nicholas has held senior positions with James Fielding Group, Paladin Australia, Schroders Australia and Deutsche Asset Management. He has extensive experience in all major real estate markets in Australia and investment markets in the United States, United Kingdom and the Middle East.</p>	
Other directorships	Chairman of Redcape Hotel Group Management Ltd	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Culture, People and ESG Committee</p> <p>Member of the Centuria Property Funds Limited Board</p> <p>Member of the Centuria Property Funds No. 2 Limited Board</p> <p>Member of the Centuria Healthcare Asset Management Limited Board</p>	
Interests in CNI	Ordinary stapled securities	4,360,037

## Directors and directors' interests (continued)

<b>Mr John E. McBain</b> , Dip. Urban Valuation. <i>Executive Director and Chief Executive Officer</i>		
Experience and expertise	<p>Joint CEO John McBain's 40-year real estate career in both Australasia and the UK spans the commercial and industrial markets and more latterly the healthcare and agriculture real estate sectors.</p> <p>He is an executive director of Centuria Capital Limited, Centuria Life Limited, Centuria Healthcare Limited and Primewest Management Limited and a non-executive director of Centuria Bass Credit Limited and NZX listed Asset Plus Limited (NZ). He is an alternate director of Centuria Funds Management (NZ) and Augusta Industrial Fund Limited (NZ). He also serves on the Centuria Life Investment committee.</p> <p>John and Jason founded Centuria Capital together and the group now oversees \$17 billion of assets under management including four separate publicly listed vehicles and 300 staff throughout Sydney, Melbourne, Brisbane, and Manila.</p> <p>John is chiefly responsible for Centuria's corporate team including corporate acquisitions and mergers. His responsibilities include corporate strategy as well as leadership of the Finance, Company Secretarial, Compliance and Governance, Corporate Investor Relations, Marketing, Communications and Centuria Life teams who report directly to him. He jointly steers the Senior Executive Committee and serves on the Sustainability and Non-Financial Risks Committees.</p> <p>Since 2007, John has been instrumental in the integration of several businesses into the Centuria group, including the 360 Capital Group (2016), a majority interest in Heathley Asset Management (now Centuria Healthcare) (2019), New Zealand-based Augusta Capital Limited (2020) and Primewest Group (2021).</p> <p>This corporate acquisition strategy together with a highly successful asset acquisition and funds management programme overseen by fellow CEO Jason Huljich has seen the pair oversee significant growth in both company size and shareholder returns culminating in Centuria Capital Limited entering the S&amp;P ASX 200 Index in July 2021.</p> <p>He has a property valuation qualification from The University of Auckland.</p>	
Other directorships	None	
Responsibilities	Joint Chief Executive Officer	
Interests in CNI	Ordinary stapled securities	70,624,484
	Performance rights granted	2,298,002

Directors and directors' interests (continued)

<b>Mr Jason C. Huljich, B. Comm. Executive Director and Group Joint Chief Executive Officer</b>		
Experience and expertise	<p>Joint CEO Jason Huljich's 25-year real estate career spans the commercial and industrial real estate sectors. He co-founded Centuria Capital, with Joint CEO, John McBain.</p> <p>He is an executive director of Centuria Capital Group, Centuria Life Limited, Centuria Healthcare Limited, Centuria Healthcare Asset Management Limited, Primewest Management Limited, Centuria Capital (NZ) No. 1 Limited, Centuria Funds Management (NZ) Limited and Augusta Industrial Fund Limited. He is a non-executive director of Centuria Bass Credit Limited.</p> <p>Jason shares the helm of Centuria with John, collectively overseeing more than \$16 billion of assets under management and c.300 staff throughout Australia, New Zealand and the Philippines.</p> <p>Jason is chiefly responsible for the company's real estate portfolio and funds management operations including the listed Centuria Industrial REIT (ASX: CIP) and Centuria Office REIT (ASX: COF), as well as Centuria's extensive range of unlisted funds across Australia and New Zealand. Several unlisted funds regularly feature in the Top 10 Performing Core Funds in the Property Council of Australia / MSCI Australia Unlisted Retail Quarterly Property Funds Index.</p> <p>Since Centuria was established, Jason has been pivotal in raising over \$5 billion for the listed and unlisted vehicles. He has been central to positioning Centuria as Australia's fourth largest external manager. Centuria Capital Group (CNI) and CIP are part of the S&amp;P/ASX 200 Index and CIP is also part of the FTSE EPRA Nareit Global Index. COF is part of the S&amp;P/ ASX 300 Index.</p> <p>Jason has a hands-on approach to the real estate operations throughout the company's platform. The Transactions, Development, Funds Management, Distribution and Asset Management teams all report directly to him.</p> <p>Jason's career began after graduating with a Bachelor of Commerce (Commercial Law major) from the University of Auckland. He is a Property Funds Association of Australia Past President. The PFA is the peak industry body representing the \$125 billion direct property investment industry. Jason currently sits on the Property Council of Australia's Global Investment Committee.</p>	
Other directorships	None	
Responsibilities	Joint Chief Executive Officer	
Interests in CNI	Ordinary stapled securities	5,289,612
	Performance rights granted	2,165,023

Company secretary

Anna Kovarik was appointed to the position of Company Secretary on 5 July 2018.

Anna holds a Masters of Information Technology, a BA (Hons) in Systems Management and was awarded a distinction in the Global Executive MBA program at the University of Sydney. She is qualified as a solicitor in both the United Kingdom and New South Wales and was a senior associate at Allens law practice in Sydney.

Prior to joining Centuria, Anna held the position of Group Risk Manager at Mirvac Group and was previously Head of Group Insurance for AMP and General Counsel and Company Secretary at AMP Capital Brookfield.

## Principal activities

The principal activity of the Fund during the financial year was holding direct interest in property funds and other liquid investments.

## Significant changes and state of affairs

Significant changes in the state of affairs of the Fund during the financial year, in addition to the operating and financial review below were as follows

- Contributed equity attributable to Centuria Capital Fund increased by \$473,078,000 from \$545,744,000 to \$1,018,822,000 reflecting equity raisings undertaken during the year. This included securities issued as partial consideration for the takeover of Augusta Capital Limited on 8 July 2020 and the takeover of Primewest Group Limited and the vesting of rights under the Executive Incentive Plan. Details of changes in contributed equity is are disclosed in Note C6 to the consolidated financial statements.
- On 13 November 2020, Centuria Capital Group successfully completed a underwritten equity raising of approximately \$82.2 million for the Fund.
- In April 2021, Fund issued \$198,693,000 of listed redeemable notes with a variable interest rate of 4.25% plus the bank bill rate which is due to mature on 21 April 2026.
- In April 2021, the Fund repaid \$19,447,000 of the 7.0% fixed rate secured notes, \$45,000,000 of the 6.5% fixed rate secured notes and \$8,350,000 of the variable rate secured notes.
- On 3 June 2021, Centuria Capital Group had received commitments to acquire 70.1% of Primewest Group Limited (Primewest) shares and declared the offer as unconditional. As a result, the Group has been deemed to attain control over Primewest on 3 June 2021. The offer consisted of a cash component of \$0.20 and a scrip component of 0.473 Centuria stapled securities per Primewest securities. The Group had acquired 98.37% of Primewest securities by 30 June 2021, with the remaining 1.63% under compulsory acquisition. The Group has accounted for Primewest as a wholly owned subsidiary as at 30 June 2021. The Fund has consolidated Primewest Property Fund as part of the transaction structure.

## Reviews of operations

The Fund's profit from continuing operations for the year ended 30 June 2021 was \$126,739,000 (2020: \$1,131,000).

## Earnings per unit

	2021 Statutory	2020 Statutory
Basic earnings per unit (cents/unit)	20.6	0.0
Diluted earnings per unit (cents/unit)	20.4	0.0

## Distributions

Distributions paid or declared by the Fund to the Fund's unitholders during the current financial year were:

	Cents per unit	Total amount \$'000	Date paid/payable
<b>Distributions paid during the year</b>			
Final 2020 Trust distribution	3.40	16,420	8 July 2020
Interim 2021 Trust distribution	3.30	19,811	29 January 2021
<b>Total distributions paid during the year</b>	<b>6.70</b>	<b>36,231</b>	
<b>Distributions declared during the year</b>			
Final 2021 Trust distribution - Centuria Capital Fund	3.40	20,408	30 July 2021
<b>Total distributions declared during the year</b>	<b>3.40</b>	<b>20,408</b>	



## Responsible Entity interests

The following fees were paid and/or payable to the Responsible Entity and its related parties during the financial year:

	2021 \$	2020 \$
Management and custodian fees paid to Centuria Property Funds No. 2 Limited and Centuria Property Funds Limited and Centuria Healthcare Asset Management Limited	906,471	1,292,948
Management fees paid to Centuria Funds Management Limited	200,000	200,000
Management fees paid to Primewest Management Ltd	39,030	-
	<b>1,145,501</b>	<b>1,492,948</b>

## Events subsequent to the reporting date

There has not arisen in the interval between 30 June 2021 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

## Likely developments

The Fund continues to pursue its strategy of focusing on its core operations, utilising a strengthened balance sheet to provide support to grow and develop these operations.

Further information about likely developments in the operations of the Fund and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Fund.

## Environmental regulation

The Fund has policies and procedures to identify and appropriately address environmental obligations that might arise in respect of the Fund's operations that are subject to significant environmental laws and regulation. The Directors have determined that the Fund has complied with those obligations during the financial year and that there has not been any material breach.

## Indemnification of officers and auditors

Under the Fund's constitution the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund. The Responsible Entity has not indemnified or agreed to indemnify any auditor or other officer of the Fund, or any related body corporate.

## Rounding of amounts

The Fund is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

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



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
11 August 2021



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Centuria Funds Management Limited, the Responsible Entity  
of Centuria Capital Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Centuria Capital Fund for the financial year ended 30 June 2021 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Paul Thomas

*Partner*

Sydney

11 August 2021

# Centuria Capital Fund

ACN 607 153 588

## Financial report 30 June 2021

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# Consolidated statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue	B1	64,525	49,729
Share of net profit of equity accounted investments	E1	2,784	8,132
Fair value movements of financial instruments and property		82,566	(31,835)
Expenses	B2	(7,595)	(9,035)
Finance costs	B3	(15,541)	(15,860)
<b>Net Profit</b>		<b>126,739</b>	<b>1,131</b>
<b>Profit is attributable to:</b>			
Centuria Capital Fund		120,556	149
Non-controlling interests		6,183	982
<b>(Loss)/profit after tax</b>		<b>126,739</b>	<b>1,131</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>126,739</b>	<b>1,131</b>
<b>Total comprehensive income for the year is attributable to:</b>			
Centuria Capital Fund		120,556	149
Non-controlling interests		6,183	982
<b>Total comprehensive income</b>		<b>126,739</b>	<b>1,131</b>
<b>Profit attributable to Centuria Capital Fund unitholders</b>		<b>120,556</b>	<b>149</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per Centuria Capital Fund unit</b>			
Basic (cents per unit)	B4	20.6	0.0
Diluted (cents per unit)	B4	20.4	0.0

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

# Consolidated balance sheet

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Assets</b>			
Cash and cash equivalents		168,252	53,059
Receivables	C1	30,001	7,329
Financial assets at fair value	C2	879,205	581,670
Investment properties	C3	208,140	167,110
Equity accounted investments	E1	28,144	31,830
Other assets		1,295	1,295
<b>Total assets</b>		<b>1,315,037</b>	<b>842,293</b>
<b>Liabilities</b>			
Payables	C4	32,978	23,531
Borrowings	C5	397,428	253,211
Interest rate swaps at fair value		-	636
<b>Total liabilities</b>		<b>430,406</b>	<b>277,378</b>
<b>Net assets</b>		<b>884,631</b>	<b>564,915</b>
<b>Equity</b>			
<b>Equity attributable to Centuria Capital Fund</b>			
Contributed equity	C6	1,018,822	545,744
Retained earnings		(196,107)	(22,439)
<b>Total equity attributable to unitholders of Centuria Capital Fund</b>		<b>822,715</b>	<b>523,305</b>
<b>Equity attributable to non-controlling interests</b>			
Contributed equity		31,790	14,248
Retained earnings		30,126	27,362
<b>Total equity attributable to non-controlling interests</b>		<b>61,916</b>	<b>41,610</b>
<b>Total equity</b>		<b>884,631</b>	<b>564,915</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the year ended 30 June 2021

	Centuria Capital Fund			Non-controlling interests			
	Contributed equity \$'000	Retained earnings \$'000	Equity attributable to Centuria Capital Fund unitholders \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000	Total equity \$'000
<b>Balance at 1 July 2020</b>	545,744	(22,439)	523,305	14,248	27,362	41,610	564,915
Profit/(loss) for the year	-	120,556	120,556	-	6,183	6,183	126,739
<b>Total comprehensive income for the year</b>	-	<b>120,556</b>	<b>120,556</b>	-	<b>6,183</b>	<b>6,183</b>	<b>126,739</b>
Value differential on acquisition of Primewest Property Fund - Note E2	-	(259,690)	(259,690)	-	-	-	(259,690)
Transactions with owners in their capacity as owners	-	5,685	5,685	-	-	-	5,685
Distributions paid/accrued	-	(40,219)	(40,219)	-	(3,295)	(3,295)	(43,514)
Units issued during the year	475,185	-	475,185	-	-	-	475,185
Cost of equity raising	(2,107)	-	(2,107)	-	-	-	(2,107)
Deconsolidation of controlled property funds	-	-	-	(1,450)	793	(657)	(657)
Consolidation of controlled property funds	-	-	-	18,992	(917)	18,075	18,075
<b>Balance at 30 June 2021</b>	<b>1,018,822</b>	<b>(196,107)</b>	<b>822,715</b>	<b>31,790</b>	<b>30,126</b>	<b>61,916</b>	<b>884,631</b>

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

## Consolidated statement of changes in equity

	Centuria Capital Fund			Non-controlling interests			
	Contributed equity \$'000	Retained earnings \$'000	Equity attributable to Centuria Capital Fund unitholders \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000	Total equity \$'000
<b>Balance at 1 July 2019</b>	343,438	6,399	349,837	32,927	13,156	46,083	395,920
Profit for the year	-	149	149	-	982	982	1,131
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>149</b>	<b>149</b>	<b>-</b>	<b>982</b>	<b>982</b>	<b>1,131</b>
Distributions paid/accrued	-	(28,987)	(28,987)	-	(3,375)	(3,375)	(32,362)
Units issued during the year	205,216	-	205,216	1,459	-	1,459	206,675
Cost of equity raising	(2,910)	-	(2,910)	-	-	-	(2,910)
Deconsolidation of controlled property funds	-	-	-	(20,138)	16,599	(3,539)	(3,539)
<b>Balance at 30 June 2020</b>	<b>545,744</b>	<b>(22,439)</b>	<b>523,305</b>	<b>14,248</b>	<b>27,362</b>	<b>41,610</b>	<b>564,915</b>

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

# Consolidated statement of cash flows

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Interest received		1,463	467
Rent received		13,962	18,400
Distributions received		29,313	25,634
Payments to suppliers		(11,249)	(12,157)
Interest paid		(13,338)	(14,448)
Other income		139	66
<b>Net cash provided by operating activities</b>	D1	<b>20,290</b>	<b>17,962</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of related party investments		13,908	53,554
Purchase of investments in related parties		(88,870)	(112,603)
Repayment of loans by related parties		3,750	46,946
Purchase of other investments		-	(2,715)
Purchase of equity accounted investments		-	(12,977)
Cash balance on acquisition of subsidiary		92,177	-
Proceeds from the sale of equity accounted investments		5,000	-
Loans provided to other parties		(67,703)	(87,465)
Loans repaid by other parties		5,925	-
Sale of investment property		-	23,500
Payments in relation to investment properties		(27)	(21,097)
Purchase of subsidiaries		(51,883)	-
Return of investment to external non-controlling interests		(356)	(4,231)
<b>Net cash used in investing activities</b>		<b>(88,079)</b>	<b>(117,088)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of units to unitholders of Centuria Capital Fund		100,483	163,840
Equity raising costs paid		(2,107)	(2,912)
Proceeds from borrowings		199,525	6,549
Repayment of borrowings		(72,797)	(49,938)
Distributions paid to unitholders of Centuria Capital Fund		(36,231)	(29,828)
Distributions paid to non-controlling interests		(3,226)	(3,375)
Proceeds from issues of units to non-controlling interests		2,227	1,459
Costs paid to issue debt		(4,892)	(1,628)
<b>Net cash provided by financing activities</b>		<b>182,982</b>	<b>84,167</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>115,193</b>	<b>(14,959)</b>
Cash and cash equivalents at the beginning of the financial period		53,059	68,018
<b>Cash and cash equivalents at end of year</b>		<b>168,252</b>	<b>53,059</b>

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



## **A About the report**

### **A1 General information**

The units in the Fund and the shares in CCL are stapled to trade together as a single stapled security ('Stapled Security') on the ASX as 'Centuria Capital Group' under the ASX ticker code of CNI.

The Fund and its controlled entities (the 'Fund') is a for-profit entity and its principal activities are holding direct interest in property funds and other liquid investments.

#### **Statement of compliance**

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements of the Fund comprising the Fund (as 'Parent') and its controlled entities for the year ended 30 June 2021 were authorised for issue by the Board of Directors of Centuria Funds Management Limited as the Responsible Entity on 11 August 2021.

The Fund was established on 20 July 2016.

#### **Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for financial assets at fair value through profit and loss, investment properties and derivative financial instruments, and other financial assets, which have been measured at fair value at the end of each reporting period. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the Fund's functional currency, unless otherwise noted.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items.

#### **Rounding of amounts**

The Fund is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars unless otherwise indicated.

### **A2 Significant accounting policies**

The accounting policies and methods of computation in the preparation of the consolidated financial statements are consistent with those adopted in the previous financial year ended 30 June 2020 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated financial statements.

When the presentation or classification of items in the consolidated interim financial statements has been amended, comparative amounts are also reclassified, unless it is impractical. Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

Accounting policies that are specific to a note to the financial statements are described in the note to which they relate.

### A3 Other new accounting standards and interpretations

A number of new accounting standards have been published that are not effective for the 30 June 2021 reporting period. The Fund has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Fund's consolidated financial statements.

#### *Standards now effective*

##### **AASB 2018-6**

Clarifies the definition of a business as per AASB 3 Business Combinations and is applied prospectively to future acquisitions.

##### **AASB 2018-7**

Clarifies the definition of material as applied across all reporting standards as per AASB 101 Presentation of Financial Statements with intention of increasing a users focus on the material items in a financial report.

##### **AASB 2014-10**

Clarifies the requirements for recording the sale or contribution of assets between an investor and its associate or joint venture.

#### *Standards not yet effective*

##### **AASB 2020-3**

Amendments to Australian Accounting Standards Annual Improvements 2018-2020 and Other Amendments This amendment adds to AASB 3 a requirement that, for transactions and other events within the scope of AASB 137 or IFRIC 21, an acquirer applies AASB 137 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

##### **AASB 2020-1**

Amendments to Australian Accounting Standards- Classification of liabilities as current or non-current (Amendments to AASB 101) Under existing AASB 101 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. It is expected that the changes will have minimal impact to the Group.

### A4 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense that are not readily apparent from other sources. The judgements, estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note C3 Investment properties
- Note F1 Financial instruments

### A5 Going Concern

The financial report has been prepared on a going-concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The COVID-19 pandemic has created uncertainty on the global and local financial markets and may impact on the ability of funds managed by the Group to meet their obligations. The Group has completed an extensive assessment on financial assets and remains confident that it will be able to continue as a going concern. Refer to Note C2.

## B Business performance

### B1 Revenue

	2021 \$'000	2020 \$'000
Rent	10,212	12,691
Recoverable outgoings	3,464	3,747
Distribution revenue	28,815	21,801
Interest revenue	21,344	11,424
Other income	690	66
	<b>64,525</b>	<b>49,729</b>

#### (a) Transactions with related parties

	2021 \$	2020 \$
Distributions from Property Funds managed by Centuria	28,361,885	18,863,903
Interest income on loan to Centuria Finance Pty Limited	18,795,973	10,935,131
Interest income on loan to Centuria Capital (NZ) Limited	2,265,380	-
Interest income on loans to Property Funds managed by Centuria	282,628	229,297
	<b>49,705,866</b>	<b>30,028,331</b>

#### Recognition and measurement

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

##### (i) Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding using the effective interest rate method.

##### (ii) Rent

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease.

##### (iii) Recoverable outgoings

The Fund recovers the costs associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements. These are invoiced monthly based on an annual estimate. The consideration is due 30 days from invoice date. Should any adjustment be required based on actual costs incurred, this is recognised in the statement of financial performance within the same reporting period and billed annually.

Recoverable outgoings were recognised on an accruals basis based on the contract terms under AASB 118 and on an overtime basis under AASB 15.

##### (iv) Distribution revenue

Distribution revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Fund and the amount of revenue can be measured reliably).

## Business performance

### B2 Expenses

	2021 \$'000	2020 \$'000
Property outgoings and fund expenses	7,365	8,645
Consulting and professional fees	197	223
Corporate restructure and transaction costs	-	125
Other expenses	33	42
	<b>7,595</b>	<b>9,035</b>

#### (a) Transactions with related parties

	2021 \$	2020 \$
Management and custodian fees paid to Centuria Property Funds No. 2 Limited and Centuria Property Funds Limited and Centuria Healthcare Asset Management Limited	906,471	1,292,948
Management fees paid to Centuria Funds Management Limited	200,000	200,000
Management fees paid to Primewest Management Ltd	39,030	-
	<b>1,145,501</b>	<b>1,492,948</b>

### B3 Finance costs

	2021 \$'000	2020 \$'000
Operating interest charges	13,345	12,769
Bank loans in Property Funds interest charges	2,196	3,091
	<b>15,541</b>	<b>15,860</b>

#### Recognition and measurement

The Fund's finance costs include interest expense recognised using the effective interest method.

## Business performance

### B4 Earnings per unit

	2021 Cents	2020 Cents
Basic earnings per unit	20.6	0.0
Diluted earnings per unit	20.4	0.0

The earnings used in the calculation of basic and diluted earnings per unit is the profit for the year attributable to unitholders of the Fund as reported in the consolidated statement of comprehensive income.

The weighted average number of ordinary units used in the calculation of basic and diluted earnings per units is as follows:

	2021	2020
Weighted average number of ordinary units (basic)	584,215,946	444,644,883
Weighted average number of ordinary units (diluted) <sup>(i)</sup>	591,683,198	460,824,844

<sup>(i)</sup> The weighted average number of ordinary units used in the calculation of diluted earnings per unit is determined as if 30 June 2021 was the end of the performance period of the grants of Rights under the LTI plan issued by Centuria Capital Group. All Rights that would have vested if 30 June 2021 was the end of the performance period are deemed to have been issued at the start of the financial year.

### B5 Taxation

Under current tax legislation, Trusts are not liable for income tax, provided their unitholders are presently entitled to the taxable income of the Trust including realised capital gains each financial year.

### B6 Distributions

	2021		2020	
	Cents per unit	Total \$'000	Cents per unit	Total \$'000
<b>Distributions paid during the year</b>				
Final year-end distribution	3.40	16,420	4.50	17,262
Interim distribution	3.30	19,811	2.80	12,567
<b>Distributions declared during the year</b>				
Final distribution - Centuria Capital Fund <sup>(i)</sup>	3.40	20,408	3.40	16,420

<sup>(i)</sup> The Fund declared a final distribution in respect of the year ended 30 June 2021 of 3.40 cents per unit. The final distribution had a record date of 25 May 2021 to be subsequently paid on 30 July 2021. The total amount payable of \$21,008,000 (2020: \$16,420,000) has been provided as a liability in these financial statements.

In addition to the distributions paid to Centuria Capital Fund unitholders, the Fund paid distributions of \$3,295,000 to non-controlling interests.

## C Assets and liabilities

### C1 Receivables

	2021 \$'000	2020 \$'000
Receivables from related parties (refer to note C1(a))	19,454	6,752
Other receivables <sup>(i)</sup>	10,547	577
	<b>30,001</b>	<b>7,329</b>

<sup>(i)</sup> Other receivables includes \$8.4m of receivables from the sale of Vitalharvest shares.  
All receivables are classified as current.

The Fund does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Fund to the counterparty.

#### (a) Receivables from related parties

The following amounts owed by related parties of the Fund at the end of the financial year:

	2021 \$	2020 \$
Loan receivable from Centuria Government Income Property Fund	11,248,798	-
Distribution receivable from Centuria Industrial REIT	3,849,150	3,080,712
Distribution receivable from Centuria Office REIT	3,243,487	3,383,335
Intercompany receivables from Corporate entities within Centuria Capital Group	668,235	-
Distribution receivable from Centuria Healthcare Direct Medical Fund No. 2	280,360	18,515
Distribution receivable from Centuria Diversified Property Fund	110,264	154,464
Distribution receivable from Centuria Healthcare Aged Care Fund No. 1	50,449	114,544
Receivable from Primewest Media Trust	2,460	-
Distribution receivable from Centuria Scarborough House Fund	706	697
	<b>19,453,909</b>	<b>6,752,267</b>

The loan receivable from Centuria Government Income Property Fund accrues interest at 10.00% per annum and expires 9 June 2022.

#### Recognition and measurement

Receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less an allowance for impairment. Due to the short-term nature of these financial rights, their carrying amounts are estimated to represent their fair values.

### C2 Financial assets at fair value

	Notes	2021 \$'000	2020 \$'000
Investments in trusts and other financial assets		6,915	2,416
Loans receivable from other parties <sup>(i)</sup>		-	6,702
Investment in related party unit trusts	C2(a)	554,499	378,639
Loans receivable from related parties	C2(b)	317,791	193,913
		<b>879,205</b>	<b>581,670</b>

Financial assets are classified as non-current assets.

<sup>(i)</sup> This is an unsecured loan to a third party which accrues 10% interest per annum

## C2 Financial assets at fair value (continued)

### (a) Investments in related party unit trusts carried at fair value through profit or loss

The following table details related party investments carried at fair value through profit and loss.

	Fair value \$	2021 Units held	Ownership %	Fair value \$	2020 Units held	Ownership %
<b>Financial assets held by the Fund</b>						
Centuria Industrial REIT	336,885,268	90,560,556	16.41%	208,895,316	65,897,576	16.46%
Centuria Office REIT	183,994,181	78,629,992	15.28%	153,580,584	76,029,992	14.78%
Centuria Healthcare Direct Medical Fund No. 2	16,386,598	16,991,495	11.08%	10,305,433	11,025,391	7.48%
Matrix Trust	5,892,821	5,106,431	5.00%	-	-	0%
Pialba Place Trust	3,908,561	5,129,345	23.32%	-	-	0%
Centuria Healthcare Aged Care Property Fund No. 1	2,948,651	5,513,559	9.21%	5,748,988	5,513,559	9.21%
Primewest Large Format Retail Trust No. 2	2,439,720	2,430,000	6.64%	-	-	0%
Dragon Hold Trust	1,500,000	1,500,000	10.00%	-	-	0%
Albany Brooks Gardens Trust	422,950	275,000	1.60%	-	-	0%
Centuria Scarborough House Fund	105,921	102,836	0.22%	97,530	102,836	0.22%
Centuria Life Goals - Various Funds	14,096	13,499	0%	11,096	10,499	0%
	<b>554,498,767</b>			<b>378,638,947</b>		



## C2 Financial assets at fair value (continued)

### (a) Investments in related party unit trusts carried at fair value through profit or loss (continued)

	2021 \$'000	2020 \$'000
<b>Related party unit trusts carried at fair value through profit and loss</b>		
Opening balance	378,639	11,694
Investments purchased	91,052	111,831
Acquisition of subsidiaries	14,262	-
Disposal	(13,911)	(37,554)
Fair value gain/(loss)	74,597	(92,389)
Carrying value transferred from/(to) controlled property funds	9,860	-
Carrying value transferred from/(to) equity accounted investments	-	321,175
Fair value gain on discontinuation of equity accounting	-	63,882
	<b>554,499</b>	<b>378,639</b>

### (b) Loans receivable from related parties

The following loans were receivable from related parties of the Fund at the end of the financial year:

	2021 \$	2020 \$
Centuria Finance Pty Limited	310,290,943	152,537,093
Primewest Group Limited	7,500,000	-
Centuria Capital (NZ) Limited	-	41,376,387
	<b>317,790,943</b>	<b>193,913,480</b>

The maturity date for the loan with Centuria Finance Pty Limited is the earliest of 23 December 2025 or such other date as the Fund and borrower may agree in writing.

### Recognition and measurement

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value only.

Financial assets are classified as financial assets at FVTPL when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the statement of comprehensive income.

AASB 9 contains three principal classification categories for financial assets:

- measured at amortised cost;
- measured at fair value through other comprehensive income (FVOCI); and
- measured at fair value through profit and loss (FVTPL).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

### C2 Financial assets at fair value (continued)

#### Recognition and measurement (continued)

##### *(i) Financial assets at amortised cost*

Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance under the Expected Credit Loss ("ECL") model.

##### *(ii) Recoverability of loans and receivables*

At each reporting period, the Fund assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Fund recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs result from all possible default events over the expected life of the trade receivables and are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between cash flows due to the Fund in accordance with the contract and the cash flows that the Fund expects to receive.

The Fund analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL, including forecasts of interest rates and inflation, as well as the financial stress of counterparties and their ability to operate as a going concern. Debts that are known to be uncollectable are written off when identified.

Given that COVID-19 is an ongoing situation, the Fund has continued to analyse the age of outstanding receivable balances post balance sheet date and applied estimated percentages of recoverability to estimate ECL, as well as the financial stress of counterparties and their ability to operate as a going concern. Debts that are known to be uncollectable are written off when identified.

##### *(iii) Financial assets at FVTPL*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Financial assets recognised at FVTPL include investments in trusts.

## Assets and liabilities

### C3 Investment properties

	30 June 2021 \$'000	30 June 2020 \$'000	Asset type	30 June 2021 Capitalisation rate	30 June 2021 Discount rate	30 June 2021 valuer
111 St Georges Terrace, Perth WA	159,000	155,000	Office	6.50%	6.75%	Colliers
Foundation Place, QLD	31,500	-	Large format retail	6.25%	6.37%	Colliers
60 Investigator Drive, QLD	7,250	-	Childcare	6.00%	-%	Colliers
26 Westbrook Parade, WA	5,220	-	Childcare	6.50%	-%	Colliers
40 John Rice Avenue, SA	5,170	-	Childcare	6.50%	-%	JLL
120 and 122 Spencer St, South Bunbury WA	-	6,500	Healthcare	-%	-%	
8-10 Warneford St, Sandy Bay TAS	-	5,610	Healthcare	-%	-%	
<b>Total fair value</b>	<b>208,140</b>	<b>167,110</b>				

Investment properties are classified as non-current.

	2021 \$'000	2020 \$'000
Opening Balance	167,110	177,500
Acquisition of investment properties	-	15,116
Capital improvements and associated costs	356	4,660
Gain/(Loss) on fair value	5,712	(6,141)
Deconsolidation of controlled property funds	(12,110)	-
Sale of investment property	-	(23,500)
Consolidation of controlled property funds	49,140	-
Change in deferred rent and lease incentives	(2,068)	(525)
<b>Closing balance</b>	<b>208,140</b>	<b>167,110</b>

#### Key estimate and judgements

##### (a) Recognition and measurement

The investment properties recognised by the Fund are properties owned by related party funds that are deemed to be controlled by the Fund under accounting standards.

Investment properties are held by the funds to earn rental income or for capital appreciation or for both. Investment properties are initially recorded at cost which includes stamp duty and other transaction costs. Subsequently, the investment properties are measured at fair value with any change in value recognised in profit or loss. The carrying amount of investment properties includes components relating to deferred rent, lease incentives and leasing fees.

An investment property is derecognised upon disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

##### (b) Valuation techniques and significant unobservable inputs

The fair values of the investment properties were determined by the Directors of the Responsible Entity of the relevant funds or by an external, independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Given the changing economic conditions as a result of the COVID-19 pandemic, there is uncertainty surrounding the potential impact on future cashflows and valuations. Rent relief allowances in accordance with the National Cabinet's Code of Conduct which set out commercial leasing principles for businesses during the pandemic were taken into consideration when determining the cashflows for the properties, however actual future cashflows may differ from this.

## C3 Investment properties (continued)

### (b) Valuation techniques and significant unobservable inputs (continued)

The valuations were prepared by considering the following valuation methodologies:

- **Capitalisation approach:** the annual net rental income is capitalised at an appropriate market yield to arrive at the property's market value. Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the property.
- **Discounted cash flow approach:** this approach incorporates the estimation of future annual cash flows over a 10-year period by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The present value of future cash flows is then determined by the application of an appropriate discount rate to derive a net present value for the property.
- **Direct comparison approach:** this approach identifies comparable sales on a dollar per square metre of lettable area basis and compares the equivalent rates to the property being valued to determine the property's market value.

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

The most significant unobservable input used in the above valuation techniques and its relationship with fair value measurement is the capitalisation rate. The higher/lower the rate, the lower/higher the fair value.

### (c) Fair value measurement

The fair value measurement of investment properties has been categorised as a Level 3 fair value as it is derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Significant unobservable inputs	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input	Range of inputs FY21
Market rent	Increase	Decrease	\$572psm to \$593psm
Capitalisation rate	Decrease	Increase	6.00% to 6.50%
Discount rate	Decrease	Increase	6.37% to 6.75%

Capitalisation and discount rates are considered significant Level 3 inputs. Refer to Note F1 for further information.

A further sensitivity analysis was taken to assess the fair value of investment property values. The table below illustrates the valuation impact of movements in capitalisation rates and discount rates:

	Fair value at 30 June 2021 \$000	Capitalisation rate impact -0.25% \$000	+0.25% \$000
Investment property	208,140	8,141	(7,549)

## Assets and liabilities

### C4 Payables

	2021 \$'000	2020 \$'000
Sundry creditors <sup>(i)</sup>	7,820	6,521
Distribution Payable <sup>(ii)</sup>	24,479	16,420
Accrued expenses	679	590
	<b>32,978</b>	<b>23,531</b>

Payables are classified as current.

(i) Sundry creditors are non-interest bearing liabilities and are payable on commercial terms of 7 to 60 days.

(ii) Includes the Primewest final distribution payable for the year ended 30 June 2021 of \$4,071,000.

#### Recognition and measurement

Payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services. Due to the short-term nature of these financial obligations, their carrying amounts are estimated to represent their fair values.

### C5 Borrowings

	Notes	2021 \$'000	2020 \$'000
Secured listed redeemable notes	C5(a)	198,693	-
Fixed rate secured notes	C5(b)	30,553	95,000
Floating rate secured notes	C5(b)	66,650	75,000
Bank loans in Property Funds	C5(c)	106,428	85,920
Borrowing costs capitalised		(4,896)	(2,709)
		<b>397,428</b>	<b>253,211</b>

The terms and conditions relating to the above facilities are set out below.

#### (a) Secured listed redeemable notes

On 21 April 2021, the Fund issued \$198,693,000 of listed redeemable notes with a variable interest rate of 4.25% plus the bank bill rate which are due to mature on 21 April 2026. These notes are secured against assets within certain subsidiaries of the Fund.

## C5 Borrowings (continued)

### (b) Secured notes

The Fund issued fixed and floating corporate notes as per below. These notes are secured against assets within certain subsidiaries of the Fund.

In December 2020, the Group refinanced the corporate notes, reducing the fixed component of Tranche 1 from \$30,708,000 to \$19,447,000, reducing the variable component of Tranche 1 from \$26,040,000 to \$8,350,000, increasing the fixed component of Tranche 3 from \$19,292,000 to \$30,553,000 and increasing the variable component of Tranche 3 from \$13,960,000 to \$31,650,000.

In April 2021, the Group repaid \$19,447,000 of the 7.0% fixed rate secured notes, \$45,000,000 of the 6.5% fixed rate secured notes and \$8,350,000 of the variable rate secured notes.

				2021 \$'000	2020 \$'000
<b>Fixed</b>	<b>Classification</b>	<b>Coupon Rate</b>	<b>Due Date</b>		
Tranche 1	-	7.0%	21 Apr 2021	-	30,708
Tranche 2	-	6.5%	21 Apr 2023	-	45,000
Tranche 3	Non-current	5.0%	21 Apr 2024	<b>30,553</b>	19,292
				<b>30,553</b>	95,000
<b>Floating</b>	<b>Classification</b>	<b>Coupon Rate</b>	<b>Due Date</b>	2021 \$'000	2020 \$'000
Tranche 1	-	BBSW +4.5%	21 Apr 2021	-	26,040
Tranche 2	Non-current	BBSW +4.25%	21 Apr 2023	<b>35,000</b>	35,000
Tranche 3	Non-current	BBSW +4.5%	21 Apr 2024	<b>31,650</b>	13,960
				<b>66,650</b>	75,000

### (c) Bank Loans - Property Funds (secured)

Each controlled property fund has debt facilities secured by first mortgage over each of the fund's investment property and a first ranking fixed and floating charge over all assets of each of the funds. Details of the amounts drawn and the maturity of each facility are as follows:

Fund	Current/non-current classification	Maturity date	Facility limit \$'000	Funds available \$'000	Draw down \$'000	Borrowing costs \$'000	Draw down \$'000
<b>30 June 2021</b>							
Centuria 111 St Georges Terrace Fund	Current	30 June 2022	90,000	5,957	<b>84,043</b>	(148)	<b>83,895</b>
Primewest Property Income Fund	Non-current	19 February 2024	22,600	-	<b>22,600</b>	(77)	<b>22,533</b>
							<b>106,428</b>
<b>30 June 2020</b>							
Centuria 111 St Georges Terrace Fund	Non-current	30 June 2022	90,000	6,644	<b>83,356</b>	(193)	<b>83,163</b>
Nexus Property Unit Trust	Non-current	4 December 2022	2,805	-	<b>2,805</b>	(48)	<b>2,757</b>
							<b>85,920</b>

### Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

## Assets and liabilities

### C6 Contributed equity

	2021		2020	
	No. of units	\$'000	No. of units	\$'000
Balance at beginning of the period	509,998,482	545,744	383,557,332	343,438
Equity settled share based payment expense	1,921,149	-	1,529,427	-
Units issued	275,883,062	475,185	124,911,723	205,216
Cost of equity raising	-	(2,107)	-	(2,910)
Balance at end of the period	787,802,693	1,018,822	509,998,482	545,744

Fully paid ordinary securities carry one vote per security and carry the right to distributions.

On 29 June 2017, the Fund issued 20,098,470 options to subscribe for stapled securities. The options have an exercise price of \$1.30 per stapled security and expire on 29 June 2022. Half of these options (10,049,235) were exercised on 12 December 2019 with the remaining 10,049,235 being exercised on 9 December 2020.

The Fund issued 24,930,259 stapled securities in relation to the completion of the Augusta Capital Limited (now known as Centuria New Zealand) acquisition during the year-ended 30 June 2021.

Centuria Capital Group issued 53,336,998 stapled securities in relation to a \$120,000,000 equity raising completed in October 2020.

The Fund issued 184,514,578 stapled securities between 8 June 2021 and 30 June 2021 in satisfaction of the scrip component of the offer consideration for the acquisition of a 98.4% interest in Primewest Group. The scrip component for the remaining 1.6% of 3,051,812 stapled securities has been included as issued as the Group has accounted for Primewest as a wholly owned subsidiary as at 30 June 2021.

#### Recognition and measurement

Incremental costs directly attributed to the issue of ordinary units are accounted for as a deduction from equity.

## D Cash flows

### D1 Reconciliation of profit for the period to net cash flows from operating activities

	2021 \$'000	2020 \$'000
Profit for the year	126,739	1,131
<b>Add (deduct) non-cash items:</b>		
Loss/(gain) on investment property	(5,854)	6,260
Equity accounted profit in excess of distributions paid	(1,263)	124
Fair value movement of financial instruments	(76,645)	23,329
Non-cash interest capitalised on related party loan	(21,612)	(10,935)
Amortisation of borrowing costs	2,628	1,412
Amortisation of lease incentives	1,881	1,665
<b>Changes in net assets and liabilities:</b>		
<b>(Increase)/decrease in assets:</b>		
Decrease/(Increase) in Receivables	(1,743)	(1,524)
<b>Increase/(decrease) in liabilities:</b>		
Increase/(Decrease) in Other Payables	(3,841)	(3,500)
<b>Net cash flows provided by operating activities</b>	<b>20,290</b>	<b>17,962</b>

#### Recognition and measurement

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition. Bank overdrafts are shown within borrowings in the statement of financial position.



## E Group Structure

### E1 Interests in associates

Set out below are the associates of the Fund as at 30 June 2021 which, in the opinion of the directors, were material to the Fund and were accounted for using the equity method. The entities listed below have share capital consisting solely of ordinary units, which are held directly by the Fund. The country of incorporation or registration is Australia which is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% of	% of	Principal activity	Carrying amount	
	ownership	ownership		30 June	30 June
	interest	interest		2021	2020
	30 June	30 June		\$'000	\$'000
	2021	2020			
	%	%			
Centuria Diversified Property Fund	20.44	22.68	Property Investments	28,144	31,830
<b>Total equity accounted investments</b>				<b>28,144</b>	<b>31,830</b>

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2020 to 30 June 2021.

	Centuria Diversified Property Fund \$'000
<b>Movements in carrying amounts of equity accounted investments</b>	
Opening Balance	31,830
Share of net (Loss)/profit after tax	2,784
Distributions received/receivable	(1,470)
Disposals	(5,000)
Closing balance as at 30 June 2021	<b>28,144</b>

## E1 Interests in associates (continued)

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2019 to 30 June 2020.

	Centuria Diversified Property Fund \$'000	Centuria Office REIT \$'000	Centuria Industrial REIT \$'000	Total \$'000
<b>Movement in carrying amount of equity account investments</b>				
Opening balance as at 1 July 2019	-	155,355	174,217	329,572
Investment	-	7,500	12,977	20,477
Share of net profit after tax	(502)	2,347	6,287	8,132
Distribution received/ receivable	502	(2,773)	(2,905)	(5,176)
Carrying value transferred from financial assets	31,830	(162,429)	(190,576)	(321,175)
Closing balance as at 30 June 2020	<b>31,830</b>	<b>-</b>	<b>-</b>	<b>31,830</b>

### (a) Summarised financial information for associates and joint ventures

The tables below provide summarised financial information for those associates that are material to the Fund. The information disclosed reflects the amounts presented in the consolidated financial statements of the relevant associates and not the Fund's share of those amounts.

	Centuria Diversified Property Fund	
	30 June 2021 \$'000	30 June 2020 \$'000
<b>Summarised balance sheet</b>		
Cash and other cash equivalents	11,868	18,013
Other current assets	2,099	11,633
<b>Total current assets</b>	<b>13,967</b>	<b>29,646</b>
Non-current assets	180,742	166,588
<b>Total tangible non-current assets</b>	<b>180,742</b>	<b>166,588</b>
Other current liabilities	5,767	3,812
<b>Total current liabilities</b>	<b>5,767</b>	<b>3,812</b>
Other non-current liabilities	-	351
Borrowings	65,150	64,988
<b>Total non-current liabilities</b>	<b>65,150</b>	<b>65,339</b>
<b>Net tangible assets</b>	<b>123,792</b>	<b>127,083</b>
Fund share in %	20.44%	22.68%
Fund's share	25,303	28,822
Goodwill	2,841	3,008
Carrying amount	<b>28,144</b>	<b>31,830</b>

## E1 Interests in associates (continued)

### (a) Summarised financial information for associates and joint ventures (continued)

	Centuria Diversified Property Fund	
	30 June 2021 \$'000	30 June 2020 \$'000
<b>Summarised statement of comprehensive income</b>		
Revenue	13,912	10,919
Interest income	-	24
Net loss on fair value of investment properties	(1,125)	(10,919)
Finance costs	(1,388)	(1,233)
Gain/(loss) on fair value of investments	9,920	(351)
Other expenses	(5,409)	(3,699)
<b>Profit/(loss) for the period</b>	<b>15,910</b>	<b>(5,259)</b>
Other comprehensive income	-	-
<b>Total comprehensive income/(loss)</b>	<b>15,910</b>	<b>(5,259)</b>

## E2 Acquisition of Primewest Property Fund

On 3 June 2021, Centuria Capital Group had received commitments to acquire 76% of Primewest securities and declared the offer as unconditional. As a result, Centuria Capital Group has been deemed to attain control over Primewest on 3 June 2021. The offer consisted of a cash component of \$0.20 and a scrip component of 0.473 Centuria stapled securities per Primewest securities.

Centuria Capital Group acquired 98.37% of Primewest securities by 30 June 2021, with the remaining 1.63% under compulsory acquisition. The Fund acquired Primewest Property Fund as part of the wider Primewest Group acquisition. The acquisition accounting is provisional.

	\$'000
Cash consideration paid	51,882
Payable (i)	858
Equity issued (ii)	343,322
<b>Total consideration transferred</b>	<b>396,062</b>

### (i) Payable

At 30 June 2021, the Fund had not yet paid a cash component of the Offer consideration. The Payable represents the Group's obligation to pay for the final 1.63% of Primewest securities.

### (ii) Equity issued

The fair value of the ordinary shares issued by the Company and ordinary units issued by the Fund is based on the listed security price of CNL on 3 June 2021 of \$2.75.

### Identifiable assets acquired and liabilities assumed

The assets and liabilities recognised as a result of the acquisition are as follows:

	\$'000
Cash	92,177
Receivables	16,698
Financial assets	21,382
Investment properties	49,140
Payables	(1,253)
Distribution payable	(4,071)
Borrowings	(22,515)
<b>Total identifiable net assets acquired</b>	<b>151,558</b>

## E2 Acquisition of Primewest Property Fund (continued)

### Value differential on acquisition of Primewest Property Fund

As a result of the transaction structure adopted to implement the acquisition of Primewest, a differential in value arose between the consideration paid by Centuria Capital Fund for the acquisition of units in Primewest Property Fund and the consideration paid by Centuria Capital Limited for the acquisition of Primewest Group Limited shares.

This resulted in Centuria Capital Fund contributing a higher proportion of the total transaction consideration relative to the value of the Primewest Property Fund units it acquired.

This differential in value resulted in \$259,690,000 being recorded in retained earnings, as it represents a transaction with owners.

	<b>\$'000</b>
Consideration transferred	(396,062)
Non-controlling interest (i)	(15,186)
Fair value of identifiable net assets	151,558
<b>Value differential on acquisition of Primewest Property Fund</b>	<b><u>(259,690)</u></b>

#### *(i) Non-controlling interest*

The non-controlling interest reflects the Group's outside equity interest of its investment in Primewest Property Income Fund, which Primewest held a 47.60% ownership on the date of acquisition.

## E3 Interests in subsidiaries

The Fund's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have issued capital consisting solely of ordinary units that are held directly by the Fund, and the proportion of ownership interests held equals the voting rights held by the Fund. The subsidiaries are incorporated in Australia which is also their principal place of business.

Name of subsidiary	Ownership interest %	
	30 June 2021	30 June 2020
Centuria Capital No. 2 Fund	100%	100%
Centuria Capital No. 2 Office Fund	100%	100%
Centuria Capital No. 2 Industrial Fund	100%	100%
Centuria Capital No. 3 Fund	100%	100%
Centuria Capital No. 4 Fund	100%	100%
Centuria Capital No. 5 Fund	100%	100%
Centuria Capital No. 6 Fund	100%	100%
Centuria Capital No. 7 Fund	100%	100%
Centuria Capital Health Fund	100%	100%
Centuria Lane Cove Debt Fund	100%	100%
Primewest Property Fund	100%	-
Primewest Property Income Fund	48%	-
Primewest USA Trust	100%	-
Primewest 140 St Georges Terrace Fund	100%	-
111 St Georges Terrace Fund	42%	42%
Centuria Healthcare Property Fund	-	100%
Nexus Property Unit Trust	-	59%

### Recognition and measurement

#### (i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Fund and entities controlled by the Fund (subsidiaries). The Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

## E4 Parent entity disclosure

As at, and throughout the current financial year, the parent entity of the Fund was Centuria Capital Fund.

	2021 \$'000	2020 \$'000
<b>Result of parent entity</b>		
Profit or loss for the year	39,747	28,929
Total comprehensive income for the year	39,747	28,929

### Financial position of parent entity at year end

Total assets	842,829	564,465
Total liabilities	(76,269)	(16,441)
<b>Net assets</b>	<b>766,560</b>	<b>548,024</b>

The assets and liabilities of the parent entity are considered current except for the parent entity's investment in subsidiaries. The assets of the parent entity mainly consist of cash, short term receivables and financial assets. The parent entity's investment in subsidiaries are measured at cost. The liabilities of the parent entity mainly consist of short term payables.

### Total equity of the parent entity comprising of:

Share capital	1,018,822	545,743
Retained earnings/(loss)	(252,262)	2,281
<b>Total equity</b>	<b>766,560</b>	<b>548,024</b>

#### (a) Guarantees entered into by the parent entity

The parent entity has, in the normal course of business, entered into guarantees in relation to the debts of its subsidiaries during the financial year

#### (b) Commitments and contingent liabilities of the parent entity

The directors of the Company are not aware of any other contingent liabilities in relation to the parent entity, other than those disclosed in the financial statements.

## F Other

### F1 Financial instruments

#### (a) Management of financial instruments

The Board is ultimately responsible for the Risk Management Framework of the Fund.

The Fund employs a cascading approach to managing risk, facilitated through delegation to specialist committees and individuals within the Fund.

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Fund's risk management and investment policies, approved by the Board, seek to minimise the potential adverse effects of these risks on the Fund's financial performance. These policies may include the use of certain financial derivative instruments.

The Fund uses interest rate swaps to manage interest rate risk and not for speculative purposes in any situation. Hedging is put in place where the Fund is either seeking to minimise or eliminate cash-flow variability, i.e., converting variable rates to fixed rates, or changes in the fair values of underlying assets or liabilities, i.e., to convert fixed rates to variable rates.

#### (b) Capital risk management

The Fund manages its capital to ensure that entities in the Fund will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of debt and equity capital.

The Fund's capital structure consists of net debt (borrowings, offset by cash and cash equivalents) and equity of the Fund (comprising issued capital, reserves and retained earnings).

The Fund carries on business throughout Australia, primarily through subsidiary companies that are established in the markets in which the Fund operates.

Operating cash flows are used to maintain and, where appropriate, expand the Fund's funds under management as well as to make the routine outflows of tax, dividends and repayment of maturing debt. The Fund reviews regularly its anticipated funding requirements and the most appropriate form of funding (capital raising or borrowings) depending on what the funding will be used for.

#### (c) Fair value of financial instruments

##### (i) Valuation techniques and assumptions applied in determining fair value

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. Discount rates are determined based on market rates applicable to the financial asset or liability.

##### (ii) Valuation techniques and assumptions applied in determining fair value of derivatives

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

##### (iii) Fair value measurements recognised in the statement of financial position

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

The table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1, 2 and 3 in the period.

## F1 Financial instruments (continued)

### (c) Fair value of financial instruments (continued)

#### (iii) Fair value measurements recognised in the statement of financial position (continued)

30 June 2021	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	168,252	168,252
Receivables	Amortised cost	Not applicable	30,001	30,001
Financial assets	Fair value	Level 1	524,249	524,249
Financial assets	Fair value	Level 2	354,956	354,956
			<b>1,077,458</b>	<b>1,077,458</b>
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	33,578	33,578
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	397,428	401,522
			<b>431,006</b>	<b>435,100</b>
30 June 2020	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	53,059	53,059
Receivables	Amortised cost	Not applicable	7,329	7,329
Financial assets	Fair value	Level 1	362,475	362,475
Financial assets	Fair value	Level 2	219,195	219,195
			<b>642,058</b>	<b>642,058</b>
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	23,531	23,531
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	253,211	253,211
Interest rate swaps at fair value	Fair value	Level 2	636	636
Total			<b>277,378</b>	<b>277,378</b>

The Fund determines Level 2 fair values for financial assets and liabilities without an active market based on broker quotes. Level 2 fair values for simple over-the-counter derivatives are also based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the entity and counterparty where appropriate.

### Recognition and measurement

The Fund enters into derivative financial instruments such as interest rate swaps to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

### (d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security, where appropriate, as a means of mitigating risk of financial loss from default. The credit risk on financial assets of the Fund and the parent recognised in the statement of financial position is generally the carrying amount, net of allowance for impairment loss.

Concentration of risk may exist when the volume of transactions limits the number of counterparties.



## F1 Financial instruments (continued)

### (d) Credit risk (continued)

#### (i) Credit risk on other financial assets

Credit risk on other financial assets such as investments in floating rate notes, standard discount securities and unit trusts is managed through strategic asset allocations with creditworthy counterparties and the on-going monitoring of the credit quality of investments, including the use of credit ratings issued by well-known rating agencies. The exposure of credit risk in respect of financial assets is minimal.

The Fund does not have any significant credit risk exposure to any single entity in other financial assets or any group of counterparties having similar characteristics.

### (e) Liquidity risk

The Fund's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities.

The liquidity risk is managed for the Fund at a corporate level. Bank account balances across all entities, current and future commitments, and expected cash inflows are reviewed in detail when the monthly cash flow projection is prepared for management purposes and presented to the Board at its regular monthly meetings. By comparing the projected cash flows with the assets and liabilities shown in the individual and consolidated statements of financial position, which are also prepared on a monthly basis for management purposes and presented to the Board, liquidity requirements for the Fund can be determined. Based on this review, if it is considered that the expected cash inflows plus liquidity on hand, may not be sufficient in the near term to meet cash outflow requirements, including repayment of borrowings, a decision can be made to carry out one or more of the following:

- renegotiate the repayment terms of the borrowings;
- sell assets that are held on the statement of financial position; and/or
- undertake an equity raising.

This, combined with a profitable business going forward, should ensure that the Fund continues to meet its commitments, including repayments of borrowings, as and when required.

## F1 Financial instruments (continued)

### (e) Liquidity risk (continued)

The following table summarises the Fund's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund and the parent can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

	On Demand	Less than 3 months 3 months	3 months to 1 year	1-5 years	5+ years	Total
Non-derivative financial liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>						
Borrowings	-	469	11,814	449,157	-	461,440
Payables	-	33,578	-	-	-	33,578
<b>Total</b>	-	34,047	11,814	449,157	-	495,018

<b>2020</b>						
Borrowings	-	686	65,350	214,686	-	280,722
Payables	-	23,531	-	-	-	23,531
<b>Total</b>	-	24,217	65,350	214,686	-	304,253

The following table summarises the maturing profile of derivative financial liabilities. The table has been drawn up based on the undiscounted net cash flows on the derivative instruments that settle on a net basis.

	On Demand	Less than 3 months 3 months	3 months to 1 year	1-5 years	5+ years	Total
Derivative financial liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>						
<b>2021</b>						
<b>Total</b>	-	-	-	-	-	-
<b>2020</b>						
Interest rate swaps	-	-	640	(4)	-	636
<b>Total</b>	-	-	640	(4)	-	636

## F1 Financial instruments (continued)

### (f) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and price risk. Due to the nature of assets held by the Fund, there is an asset and liability management process which determines the interest rate sensitivity of the statement of financial position and the implementation of risk management practices to hedge the potential effects of interest rate changes.

#### (i) Interest rate risk management

The Fund is exposed to interest rate risk because entities in the Fund borrow funds at floating interest rates. Management of this risk is evaluated regularly and interest rate swaps are used accordingly.

The tables below detail the Fund's interest bearing financial assets and liabilities.

	Weighted average effective interest rate	Variable rate \$'000	Fixed rate \$'000	Total \$'000
<b>2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	0.10%	168,252	-	168,252
Other interest bearing loans	8.75%	-	317,791	317,791
Total financial assets		168,252	317,791	486,043
<b>Financial liabilities</b>				
Borrowings	3.71%	(366,875)	(30,553)	(397,428)
Total financial liabilities		(366,875)	(30,553)	(397,428)
Net interest bearing financial liabilities		(198,623)	287,238	88,615
<b>2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	0.10%	53,059	-	53,059
Other interest bearing loans	8.32%	193,913	6,702	200,615
Total financial assets		246,972	6,702	253,674
<b>Financial liabilities</b>				
Borrowings	4.28%	(158,211)	(95,000)	(253,211)
Total financial liabilities		(158,211)	(95,000)	(253,211)
Net interest bearing financial liabilities		88,761	(88,298)	463

## F1 Financial instruments (continued)

### (f) Market risk (continued)

#### (ii) Interest rate swap contracts

Under interest rate swap contracts, the Fund agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Fund to mitigate the risk of changing interest rates on the fair value of fixed rate financial assets held and the cash flow exposures on the issued variable rate debt.

The following table details the notional principal amounts and remaining expiry of the Fund's outstanding interest rate swap contracts as at reporting date. These swaps are at fair value through profit and loss.

	Average contracted rate		Notional principal amount		Fair value	
	2021	2020	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Pay fixed for floating contracts</b>						
Interest rate swaps	-%	1.11%	-	70,000	-	(636)
			-	70,000	-	(636)

#### (iii) Interest rate sensitivity

The sensitivity analysis below has been determined based on the parent and the Fund's exposure to interest rates at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of financial assets and financial liabilities that have variable interest rates. A 100 basis point (1%) increase or decrease represents management's assessment of the reasonably possible change in interest rate.

At reporting date, if variable interest rates had been 25 basis points higher or lower and all other variables were held constant, the impact to the Fund would have been as follows:

	Change in variable		Effect on profit	
	2021	2020	2021 \$'000	2020 \$'000
<b>Consolidated</b>				
Interest rate risk	+0.25%	+0.25%	298	389
<b>Consolidated</b>				
Interest rate risk	-0.25%	-0.25%	(298)	(389)

The methods and assumptions used to prepare the sensitivity analysis have not changed in the year. The sensitivity analysis takes into account interest-earning assets and interest-bearing liabilities attributable to the shareholders only, and does not take into account the bank bill facility margin changes.

## F2 Remuneration of auditors

Amounts received or due and receivable by KPMG:

	2021 \$	2020 \$
Audit and review of the financial report	15,514	15,225

## F3 Events subsequent to the reporting date

There has not arisen in the interval between 30 June 2021 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

## Directors' declaration


In the opinion of the Directors' of Centuria Funds Management Limited as the Responsible Entity of Centuria Capital Fund:

- (a) the consolidated financial statements and notes set out on pages 11 to 44, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Note A1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
11 August 2021



# Independent Auditor's Report

To the unitholders of Centuria Capital Fund

## Opinion

We have audited the **Financial Report** of Centuria Capital Fund (the Fund).

In our opinion, the accompanying Financial Report of the Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated balance sheet as at 30 June 2021
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of Centuria Capital Fund (the Fund) and the entities it controlled at the year-end or from time to time during the financial year.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group and Centuria Funds Management Limited (the Responsible Entity) in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other Information

Other Information is financial and non-financial information in Centuria Capital Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our Auditor's Report.

KPMG

Paul Thomas

Partner

Sydney

11 August 2021

## Additional stock exchange information

The unitholder information set out below was applicable as at 6 August 2021.

### Distribution of units

Analysis of numbers of unitholders by size of holding:

Holding	Total holders	Units
1 - 1000	1,764	846,611
1,001 - 5,000	4,732	12,014,511
5,001 - 10,000	1,346	9,591,401
10,001 - 100,000	1,515	42,759,032
100,001 and over	208	722,660,978
	<b>9,565</b>	<b>787,872,533</b>

There were 256 holders of less than a marketable parcel of units holding 8,149 units.

### Top 20 unitholders

The names of the twenty largest unitholders are listed below:

	Number held	Percentage of issued units
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	145,714,383	18.50
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	135,484,935	17.20
CITICORP NOMINEES PTY LIMITED	58,893,435	7.48
HWM (NZ) HOILDINGS LIMITED	50,887,204	6.46
NATIONAL NOMINEES LIMITED	33,110,048	4.20
PENTEK HOLDINGS PTY LTD <J LITIS INV NO 2 A/C>	32,862,905	4.17
TOPSFIELD PTY LTD <JB INVESTMENT A/C>	31,958,042	4.06
CIRCLESTAR PTY LTD <DAVID SCHWARTZ FAM HOLD A/C>	28,377,402	3.60
THE TRUST COMPANY (AUSTRALIA) LIMITED <A/C 4>	26,142,468	3.32
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	17,925,886	2.28
BNP PARIBAS NOMS PTY LTD <DRP>	14,305,231	1.82
GH 2016 PTY LTD <HARVEY 2006 OPTION A/C>	9,536,034	1.21
BNP PARIBAS NOMS (NZ) LTD <DRP>	9,163,336	1.16
MARK EDWARD FRANCIS & ROCKRIDGE TRUSTEE COMPANY LIMITED <ROCKRDIGE A/C>	6,482,446	0.82
UBS NOMINEES PTY LTD	5,831,222	0.74
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	5,814,571	0.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	5,506,582	0.70
PARITAI PTY LIMITED <PARITAI A/C>	5,036,342	0.64
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	4,794,770	0.61
RESOLUTE FUNDS MANAGEMENT <HANOVER GRP STAFF SUPER A/C>	4,344,364	0.55
	<b>632,171,606</b>	<b>80.26</b>

### Substantial holders

Substantial holders in the Fund are set out below as at 6 August 2021:

	Number held	Percentage of units held
The Vanguard Group, Inc	53,421,706	7.10%
HWM (NZ) Holdings Ltd.	50,887,204	6.46%
BlackRock, Inc.	38,658,027	6.60%
	<b>142,966,937</b>	<b>20.16%</b>

### Voting rights

All ordinary units carry one vote per unit without restriction.