

**2022 ANNUAL REPORT**

**SYDNEY** (Tuesday, 25 October 2022) – Centuria Capital Group (**ASX: CNI**) releases its 2022 Annual Report.

**– Ends –**

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**Announcement authorised by Anna Kovarik, Company Secretary.**

**About Centuria Capital Group**

Centuria Capital Group (CNI) is an ASX-listed specialist investment manager with more than \$20billion of assets under management (as at 30 June 2022). We offer a range of investment opportunities including listed and unlisted real estate funds as well as tax-effective investment bonds. Our drive, allied with our in-depth knowledge of these sectors and intimate understanding of our clients, allows us to transform opportunities into rewarding investments.

[www.centuria.com.au](http://www.centuria.com.au)



**Centuria**  
**Capital Group**  
Annual Report  
2022

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ACKNOWLEDGEMENT OF COUNTRY

Our group manages property throughout Australia and New Zealand. Accordingly, Centuria pays its respects to the traditional owners of the land in each country, to their unique cultures and to their elders past, present and emerging.

About Centuria

Centuria Capital Group (ASX:CNI) is a leading Australasian fund manager included in the S&P/ASX 200 Index, established 24 years ago.

We manage a range of investment products including listed and unlisted real estate funds, investment bonds and real estate credit funds and whilst we hold co-investments in many of our funds we operate an external or discrete management model.

By FY22 close, CNI grew to \$20.6 billion of assets under management, of which, 96% comprises real estate funds across industrial, healthcare, decentralised office, agriculture, real estate finance, large format retail and daily needs retail sectors within Australia and New Zealand.

Centuria’s \$13 billion unlisted real estate funds platform includes a series of unlisted single and multi asset closed-ended funds and multi asset open-ended funds. These unlisted or direct property funds constitute over 65% of Centuria’s total real estate and differentiate Centuria from many of its peers.

During FY22 funds under management grew from entities being integrated into the Centuria fold following corporate transactions announced in previous periods. These new operations broadened Centuria’s diversity across asset sectors, geographies, capital sources and have added additional discrete investor bases in both West Australia and New Zealand.

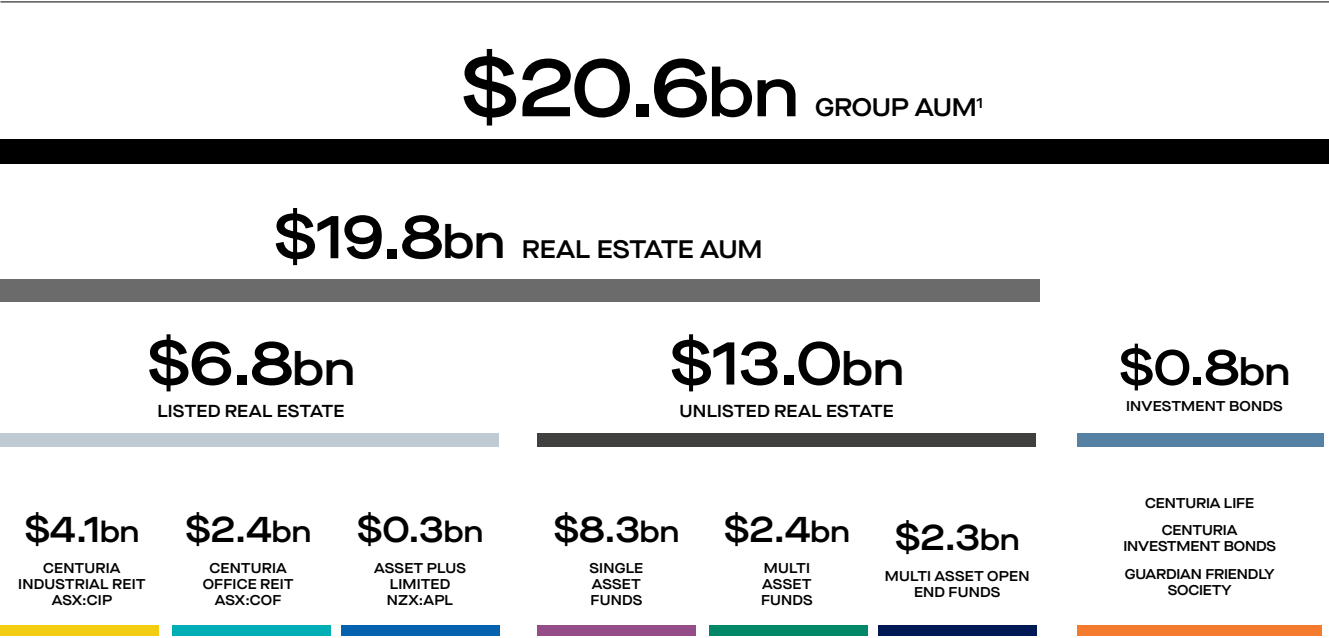
Centuria is the manager of Australia’s largest listed pure-play industrial and office REITs, Centuria Industrial REIT (ASX:CIP) and Centuria Office REIT (ASX:COF), and the New Zealand diversified listed REIT, Asset Plus Limited (NZX:APL).

CIP and COF are included in the S&P/ASX 200 and 300 Indices, respectively. Both A-REITs are also included in the FTSE EPRA Nareit Global Development Index, enabling them to be readily compared with international peers. Collectively, the listed REITs comprise \$6.8 billion<sup>1</sup> of assets under management (AUM).

FY22 corporate acquisitions, organic real estate fund generation and real estate credit activities during FY22 resulted in \$3.1 billion of gross real estate activity, a record for Centuria. This was complemented by a \$2.1 billion development pipeline and a \$1.0 billion valuation uplift across the platform.

Centuria’s operations are supported by 400 staff across eight offices in three countries with a significant proportion of our workforce focused on the full spectrum of management – from inhouse facility managers and asset managers, to fund managers and corporate personnel – all dedicated to the lifecycle of real estate funds and trusts. This results in specifically curated funds and assets, designed to optimise securityholder returns.

CENTURIA FUNDS MANAGEMENT PLATFORM



1. Assets under management (AUM) as at 30 June 2022. All figures are in Australian dollars (currency exchange ratio of AU\$1.000:NZ\$1.1088 as at 30 June 2022). Numbers presented may not add up precisely to the totals provided due to rounding. AUM includes assets exchanged to be settled, cash and other assets. Based on the respective close prices for COF, CIP and APL at Wednesday, 30 June 2022. Includes ownership by associates of Centuria Capital Group.

# Centuria's values and capabilities

Our core values are the essence of our identity – the principles, beliefs and philosophy of our brand.

Our values and capabilities support our vision and shape our culture to create a sense of belonging. We prioritise strong and lasting relationships within our business and with our investors, tenants and partners. Centuria mobilises to seize opportunities, we make well-informed decisions and we are transparently accountable.

## Values

### We are honest, transparent and respectful

We take pride in how we develop strong and lasting relationships within our business and with our investors, tenants and partners. We do this in how we communicate with, support and respect one another.

### We work and thrive as an integrated and agile team

We are bigger than the individual parts. We embrace diversity and collaborate with colleagues and partners to achieve success.

### We support each other to grow

We seek opportunities to encourage personal development and support collective growth. We reward and celebrate success and like to promote from within.

### We do what it takes

We love challenges and finding unique ways to solve problems. We have a focus on growth and a commitment to always act ethically and in the best interests of our stakeholders.

## Capabilities

### Transparent cooperation

Transparent cooperation means our teams are accountable and responsible, creating autonomy without politics. We are honest in our communication, we build trust and we value one-another's opinions, leading to stronger collaboration with our stakeholders.

### Transactional velocity

Transactional velocity means the speed that we do business. We mobilise our people to seize opportunities and make quick decisions. What takes others months to transact, takes us only days.

### Thorough process

Our processes result in thorough analysis. Our experienced team knows where the risks and opportunities lie, which leads to well informed decision making.

### Personal interaction

At Centuria, it's personal. As a Centurian you will be well cared for. As a client, we look after your interests as if they were our own. We create a sense of belonging and build relationships through the way we treat and work with one another.



## VISION

### A leading Australasian property funds manager

Our people are leaders in their field throughout Australia and New Zealand.

We leverage our geographic diversity, our in-depth market knowledge in favoured sectors and our access to capital to grow funds under management, with a strong focus on earnings growth.

#### INTEGRATED PLATFORM

Geography	Sectors	Fund types	Capital sources
Australia New Zealand	Office Industrial Healthcare Daily needs retail Large format retail Real estate finance Agriculture Investment bonds	Listed REITS Unlisted single asset closed-ended funds Unlisted multi asset closed-ended funds Unlisted multi asset open-ended funds	Listed Unlisted institutional Unlisted retail Unlisted wholesale

#### ACTIVE MANAGEMENT

Integrated in-house capability	
Funds management Real estate transactions Development Distribution	Asset management Property and facilities management Leasing

#### GENERATING INVESTMENT OPPORTUNITIES

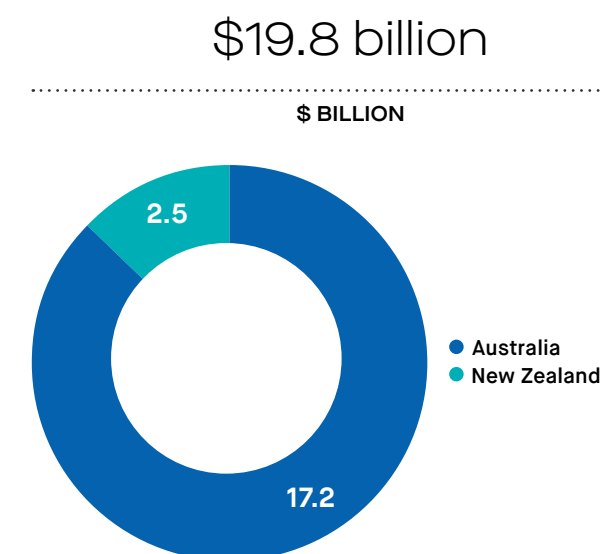
Balance sheet	Platform support
Cash on hand Capital recycling Diverse capital sources Undrawn debt capacity	Underwriting Co-investments Fund establishment Cornerstones

MOORA ALMOND ORCHARD, HILLSTON NSW

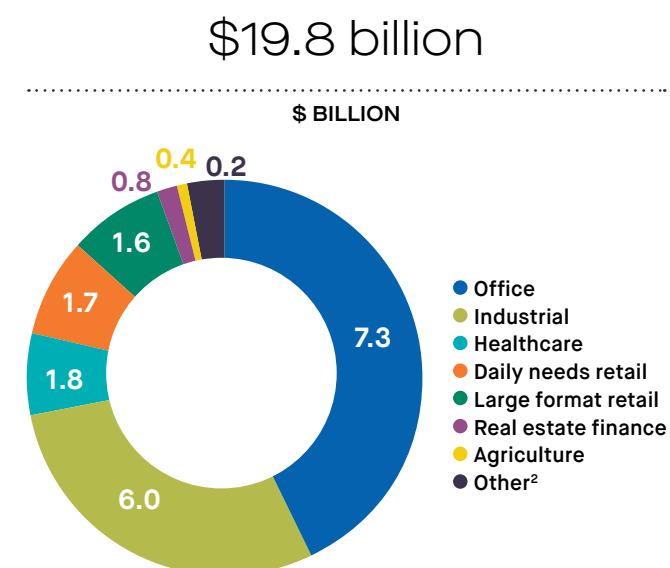
## Australasian real estate platform

Real estate platform expansion to **\$19.8 billion<sup>1</sup>**  
+20% over FY22

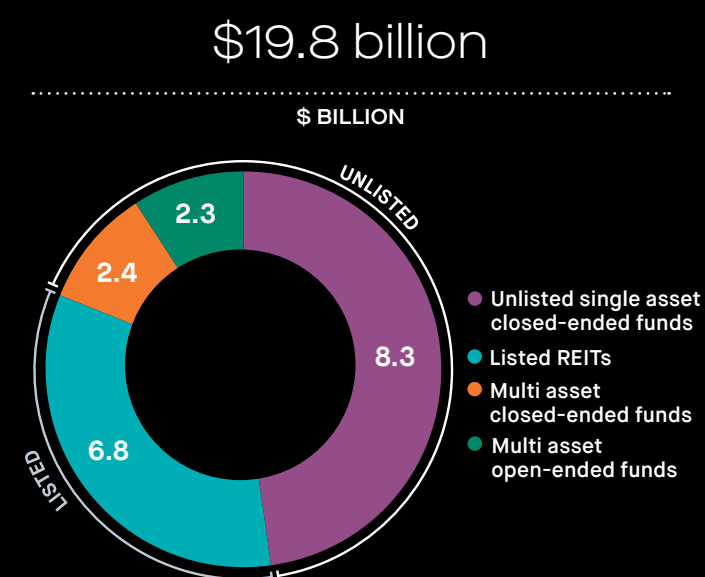
#### GEOGRAPHY<sup>1</sup>



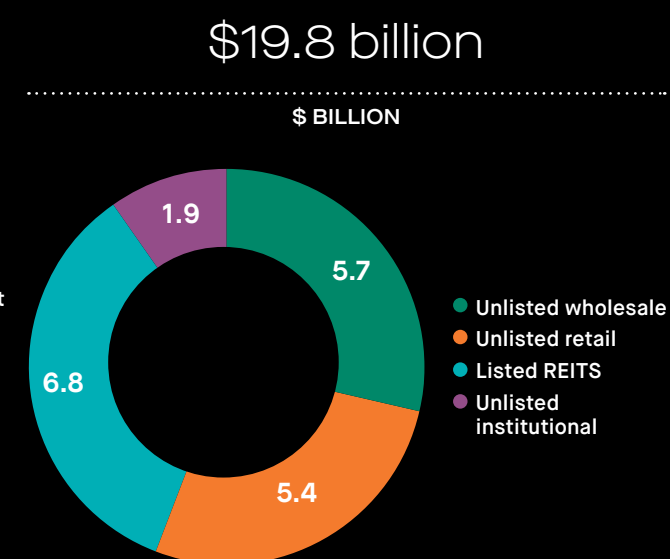
#### SECTORS



#### FUNDS



#### CAPITAL

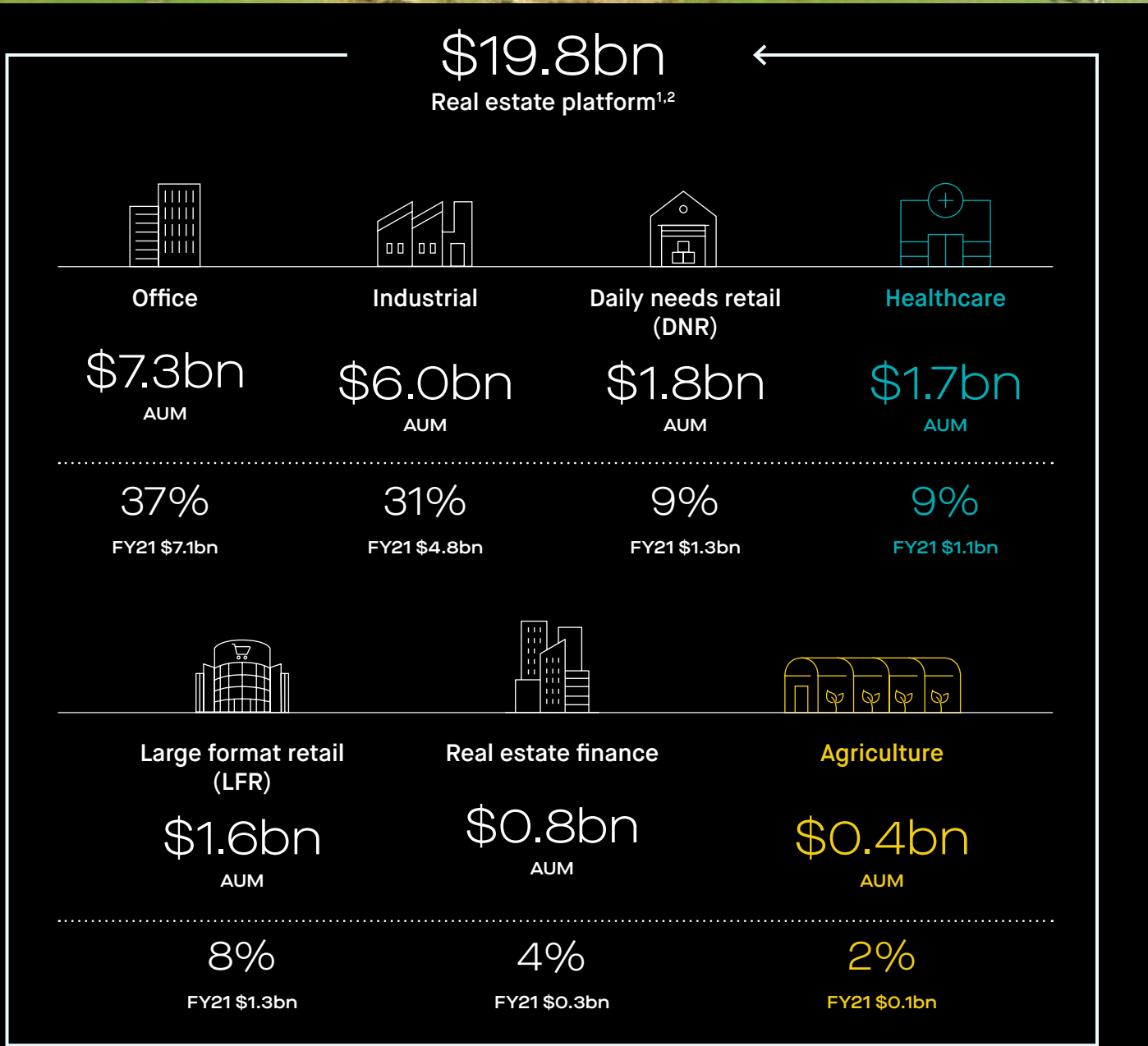


All figures above are in Australian dollars (currency exchange ratio of AU\$1.000:NZ\$1.1088 as at 30 June 2022). Numbers presented may not add up precisely to the totals provided due to rounding. AUM includes assets exchanged to be settled, cash and other assets.

1. Excludes \$0.1bn of US syndicates from Primewest merger.

2. Other AUM across tourism, shopping centres and land syndicates in the US, NZ and WA.

Healthcare, agriculture and real estate finance create new, alternative growth corridors



Note: All figures above are in Australian dollars (currency exchange ratio of AU\$1.000:NZ\$1.1088 as at 30 June 2022). Numbers presented may not add up precisely to the totals provided due to rounding.  
1. AUM includes assets exchanged to be settled, cash and other assets.  
2. Platform total of \$19.8bn includes other AUM of \$0.2bn across tourism, shopping centres and land syndicates in the US, NZ and WA.

A \$19.8 billion leading Australasian real estate platform<sup>1</sup>



AUSTRALIA		NEW ZEALAND
New South Wales	Australian Capital Territory	Auckland
\$4,184m across 107 properties	\$401m across 5 properties	\$1,668m across 37 properties
Queensland	South Australia	Other New Zealand
\$3,490m across 105 properties	\$811m across 28 properties	\$808m across 58 properties
Victoria	Tasmania	
\$3,598m across 82 properties	\$23m across 3 properties	
Western Australia		
\$4,207m across 95 properties		

Note: All figures above are in Australian dollars (currency exchange ratio of AU\$1.000:NZ\$1.1088 as at 30 June 2022). Numbers presented may not add up precisely to the totals provided due to rounding.  
1. Includes assets exchanged to be settled and real estate finance loans by property. Sub totals exclude cash and other assets.



# Chairman’s report



Garry Charny

CHAIRMAN

## On behalf of the Centuria Capital Group Board, it is my pleasure to introduce the Group’s 2022 Annual Report.

Thomas Edison once said that genius was one percent inspiration and ninety nine percent perspiration. Whilst we do not claim to be geniuses, there was plenty of perspiration in FY22 by the entire Centuria team to ensure the delivery of excellent results for the financial year, details of which can be found below and throughout this report.

After a somewhat bleak beginning, as FY22 progressed, we were able to throw off the shackles of COVID lockdowns and our teams were finally able to travel across Australia and New Zealand to once again meet

with their colleagues in person. This allowed us to complete and cement the integration of our recently merged businesses and to solidify the substantial talent pool in the organisation. One that will be fully tested in the year ahead. Rising interest rates coupled with steepening inflation will present a challenge, however we remain cautiously optimistic as we continue to seek out suitable assets to provide value-add opportunities for new and existing funds and build up growing verticals in healthcare and agriculture.

## PERFORMANCE

The recent mergers with Primewest (now Centuria), Bass Capital (now Centuria Bass), Augusta Capital (now Centuria NZ), and Heathley (now Centuria Healthcare) provided us with a runway into a more diversified real estate platform by asset class and geographical reach as well as providing a broader suite of fund types and investor profiles. These corporate acquisitions enabled the Group to access both higher revenue from management fees and transaction fees.

The broadened platform provides investment options across industrial, healthcare, decentralised office, agriculture, real estate finance, large format retail and daily needs retail. It is my pleasure to report that the Group grew its real estate assets under management (AUM) across each of these seven real estate pillars. Total Group AUM increased 18% year on year to \$20.6 billion<sup>1</sup>. Our unlisted funds, which account for two-thirds of our real estate platform, as well as our listed funds, collectively expanded our real estate AUM to \$19.8 billion.

A weighting towards unlisted real estate and our longstanding relationships with a now-enlarged unlisted distribution network, coupled with our institutional investment partner relationships, is noteworthy with direct property being a solid defensive proposition in times of equity capital market volatility.

Diversification is a key theme throughout the Group’s FY22 results and our healthcare, agriculture and credit funds are all good examples of our expansion into new and relevant asset classes.

We broadened our healthcare investment into New Zealand through a strategic aged care portfolio acquisition and this, coupled with organic transactions across Australia, increased our healthcare AUM to \$1.7 billion. We also focused on high-quality agricultural investments with this sector growing to \$0.4 billion. In addition, our Centuria Bass real estate credit funds took advantage of compelling opportunities to provide non-bank finance, primarily across the residential sector, with its AUM jumping to \$0.8 billion. Centuria Bass focuses on high quality credit often overlooked by the major lenders.

Each of Centuria’s listed entities also continued to grow. The S&P/ASX 300-listed COF is Australia’s largest listed pure-play office REIT and CIP is Australia’s largest listed domestic pure-play industrial REIT. Both A-REITs delivered strong rent collection and tenant retention outcomes. This performance is reflected in their solid FY22 funds from operation results noting also that these A-REITs were amongst the first to provide FY23 distribution guidance to the market.

During FY22, we have meaningfully expanded our investor base across retail investors, high net worth and ultra-high net worth individuals, advisers, family offices, wholesale and institutional capital sources, providing them with a broad suite of listed and unlisted investment opportunities that cater to various risk/reward appetites.

Importantly, Centuria also established significant new joint venture partnerships with international institutions including Morgan Stanley Real Estate Investing, creating a healthcare-focused fund and a joint venture with BlackRock to acquire 140 St Georges Terrace, Perth. These partnerships expand on Centuria’s existing office and daily needs retail international institutional mandates, respectively providing \$634 million AUM and \$600 million AUM to the Group platform.

The result of this expansion was the Group delivering a record FY22 period of operating earnings and distributions, which was a significant achievement against the backdrop of rising inflation, domestic and global economic volatility and COVID.

## MANAGEMENT AND INTEGRATION

As mentioned, our business diversification was enabled through the integration of several entities into the Centuria Group. These businesses, in the main, are still run by their extremely talented founders who continue to lead their respective teams within the Centuria tent.

The Western Australia-based Primewest team, led by John Bond, Jim Litis and David Schwartz, have been integrated within Centuria with personnel operating throughout both our Perth and Sydney offices. A significant proportion of the Primewest portfolio is now managed using Centuria’s centralised software systems, creating better efficiencies across the Group. The Board and I would like to thank the Primewest founders and their team for a successful first year with the Group.

We also extend our congratulations to Giles Borten, Nicholas Goh and the Centuria Bass Credit team who, during their inaugural year with the Group, have significantly increased their AUM by \$0.5 billion.

Our New Zealand platform continues to grow under the leadership of Mark Francis and Bryce Barnett. As mentioned, during FY22, the NZ team expanded its healthcare AUM, with the acquisition of the Heritage healthcare portfolio.

Andrew Hemming and his healthcare team have continued to drive growth and value in this sector, with transactions ranging from existing properties to fund-through opportunities. Healthcare is now a prominent, fast growing business vertical within the Group.

1. Assets under management (AUM) as at 30 June 2022. All figures above are in Australian dollars (currency exchange ratio of AU\$1,000:NZ\$1,1088 as at 30 June 2022). Numbers presented may not add up precisely to the totals provided due to rounding. AUM includes assets exchanged to be settled, cash and other assets.



# Chairman's report

## CULTURE AND ESG

Centuria takes its commitment to our securityholders, stakeholders and the broader community seriously. As part of that commitment, we continue to focus on our environmental, social and governance initiatives and produced our first Sustainability Report in October 2021. Our second report is expected to be published prior to the Annual General Meeting (AGM).

Centuria defines its commitment to sustainability within a framework that encompasses three broad areas: Conscious of Climate Change (environmental considerations), Valued Stakeholders (social responsibilities) and Responsible Business Principles (governance directives).

During the period, Centuria became a member of the Green Building Council in both Australia and New Zealand. We have implemented climate adaptation plans to reduce the physical impacts of climate change and continue to introduce solar panel installations across our office and industrial assets in partnership with tenants. Highlights of environmental initiatives specific to our REITs include:

- Centuria Industrial REIT becoming an industry participant in the NABERS Accelerate Program for Warehouses and Cold Stores; and
- Centuria Office REIT achieving an increased NABERS Sustainable Portfolio Index (SPI) energy rating of 4.8 stars and NABERS water rating of 3.9 stars.

Furthermore, we have adopted the Task Force on Climate Related Financial Disclosure recommendations. This means climate change is now a standard investment consideration, with plans being developed across the Centuria platform. The Group also provided disclosures aligned to the Global Reporting Initiative (GRI) Sustainability Reporting Standards and delivered its second Modern Slavery Statement, with more than 350 suppliers assessed and further engagement underway.

It is trite but critical to say our staff are the backbone of our company. Ensuring employee satisfaction is paramount, which is why we undertake an annual "pulse check". The 2022 independent staff engagement survey revealed encouraging results, including that 94% of personnel are proud to work at Centuria and would recommend Centuria as a great place to work and 92% believe their manager genuinely cares about their wellbeing.

It is also pleasing for the Board to note the continued success of the Future Leaders Program outlined in the Joint CEO report.

At the board level, it is my pleasure to report CNI Independent Non-Executive Director (NED), Susan Wheeldon, was appointed Independent Chair of the Group Nomination and Remuneration Committee, in addition to being Chair of our Culture and ESG Committee.

We have also restructured our Responsible Entity boards with Jennifer Cook being appointed an Independent NED of Centuria Property Funds No. 2 Limited (CPF2L) and Elizabeth McDonald, an Independent NED of Centuria Property Funds Limited (CPFL) and Member of the CPFL Audit, Risk and Compliance Committee. Their biographies are readily available on our website. Our boards are now a broad church and our focus on diversity coupled with meritocracy means that there is remarkable strength and depth to all the operating boards within the Group.

Our commitment to diversity in our workplace, be it at board, senior management or general staff level is undiminished and it remains a tentpole for Centuria, now and in the future.

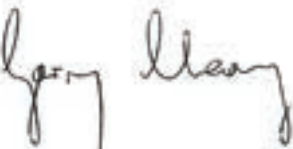
## CONCLUSION

Centuria's strong growth has been achieved in the past few years against the backdrop of a global pandemic, geopolitical volatility and an uncertain economic outlook. Notwithstanding that tableaux and conscious of some choppy waters ahead, the Group has successfully executed on its diversification strategy within real estate funds management which underpins our future growth across the business.

On behalf of the Board, I thank you, our securityholders, for your ongoing support throughout FY22. I would also like to take this opportunity to thank my fellow Board members, Responsible Entity Board Members, Senior Management and staff for your commitment to the business and ultimately, our securityholders. You continue to deliver exceptional value and set new benchmarks. In particular, I thank our Joint CEOs, John McBain and Jason Huljich, who have not only led the entire Centuria team to an exceptional performance but continued to create a culture we are all proud of.

Looking ahead, as workers return to the office, healthcare resumes pre-pandemic service levels and consumers continue to support daily needs retail, large format retail and eCommerce, we are encouraged by a return to the new normal. We have seen the worst of the pandemic, we will get through the current financial maelstrom and we will prudently seize on the opportunities that these uncertain times present.

In the meantime, I look forward to welcoming you all to our Annual General Meeting, both physical and virtual, in late November.



Garry Charny

CHAIRMAN

## Key metrics: Delivering strong growth and creating value across the platform

**\$20.6bn**  
Group AUM<sup>1</sup>  
+18% above FY21

**14.5cps**  
FY22 OEPS<sup>1</sup>  
delivered  
+20.8% above FY21

**11.0cps**  
FY22 DPS  
delivered  
+10.0% above  
FY21 DPS

**\$3.1bn**  
FY22 gross real  
estate activity<sup>2</sup>  
+24% above FY21

**89%**  
Recurring revenues  
of FY22 total Group  
revenues

**\$2.1bn**  
Development  
pipeline<sup>3</sup>

**14.5cps**  
FY23 OEPS guidance

**11.6cps**  
FY23 DPS guidance<sup>5</sup>  
+5.4% above FY22 DPS

1. Operating EPS (OEPS) is calculated based on the Operating NPAT of the Group divided by the weighted average number of securities.
2. Includes \$2,175m of acquisitions exchanged and settled in FY22, \$403m of acquisitions exchanged in FY22 yet to be settled and \$516m of real estate finance transactions.
3. Development projects and development capex pipeline, including fund throughs. Committed development pipeline \$1.3bn, future pipeline \$0.8bn.
4. Net valuation movement from managed funds.
5. FY23 guidance announced on 10 August 2022.



# Joint CEOs' letter



John McBain

JOINT CEO

Jason Huljich

JOINT CEO

It is our pleasure to present Centuria Capital Group’s 2022 Annual Report.

During FY22, Centuria recorded a record \$3.1 billion of real estate activity expanding assets under management (AUM) by 18% to \$20.6 billion<sup>1</sup>. This heightened activity was complemented by the completion of two previous term corporate acquisitions and their successful integration. Importantly, this combination of organic and inorganic growth has broadened our diversity of asset sectors, geographies and capital sources as we now have additional, significant discrete investor bases in both Western Australia and New Zealand as well as new, major institutional fund mandates.

1. Assets under management (AUM) as at 30 June 2022. All figures above are in Australian dollars (currency exchange ratio of AU\$1,000:NZ\$1.1088 as at 30 June 2022). Numbers presented may not add up precisely to the totals provided due to rounding. AUM includes assets exchanged to be settled, cash and other assets.

Centuria manages investment funds spanning industrial, decentralised office, healthcare, agriculture, real estate finance, daily needs retail and large format retail. Each of these seven real estate verticals contributed to total FY22 real estate activity. This was complimented by a \$2.1 billion development pipeline and an FY22 valuation uplift of \$1.0 billion across the platform.

Centuria’s increased platform scale continues to deliver high recurring revenues, accounting for 89% of total revenues, as well as continued access to embedded performance fees.

Since FY17, CNI has generated a 40% compound annual growth rate (CAGR) in AUM. This result has been achieved by a combination of organic growth from real estate acquisitions, active real estate management and corporate acquisitions.

**FINANCIAL RESULTS**

During FY22, the Group delivered a 63% increase in operating profit after tax of \$114.5 million, which translated to operating earnings per security (OEPS) of 14.5 cents. FY22 OPES was in line with our upgraded guidance, representing an increase of 20.8% from FY21. The Group’s FY22 distributions per security (DPS) of 11.0 cents also met guidance and delivered a 10% increase from FY21.

Total FY22 operating revenue increased 38% to \$292.6 million while management fee revenue grew 77% to \$146.8 million, bolstered by activities across the Primewest platform as well as transactional activity across our industrial and healthcare sectors. More specifically, transaction fee revenue increased 162% to \$39.3 million and \$33 million of performance fees were recognised.

The Group has seen a significant increase in its latent unrecognised performance fees, which at current valuations across the managed portfolio is \$179 million, reflecting the embedded fees inherent within the managed portfolio.

Transactional income, comprising acquisition, financing, underwriting and sales fees, was up 162% during FY22. This result was underpinned by \$4.3 billion of property transactions and real estate finance activity, including \$2.2 billion of property transactions, \$516 million in additional real estate finance loans and \$893 million in strategic divestments.

Centuria continues to co-invest in funds it operates, including ASX-listed REITs CIP and COF as well as NZX-listed APL, and our institutional mandates. These co-investments provide a continuous source of recurring revenue. During FY22, the Group’s co-investments delivered an operating profit of \$48.4 million, up 33% from the prior period.

Centuria’s investment bonds division contributed a healthy \$4.6 million operating profit with c.\$1.6 million attributable to recoupment of prior period fee rebates.

Through the Group’s 50% interest in Centuria Bass Credit (CBC), property and development finance contributed \$4.1 million to our operating earnings. CBC continues to focus on new growth opportunities arising from market volatility, and bank lending restrictions.

During FY22, development operating profit increased 44% to \$6.5 million and development activities continue to be predominantly directed towards the creation of new, quality investment assets for existing or proposed Centuria managed funds. Accordingly, our development management fee revenues are expected to continue to grow as we undertake further projects, for example in the healthcare space.

Centuria retained a strong focus on capital management during FY22 with net operating cash inflows of \$182 million and a net operating interest cover ratio of 6.8 times (2.0 times covenant). During the period, the Group finalised two revolving loan facilities totalling \$150 million. These undrawn facilities together with the Group cash balance of \$185 million made a total of \$339 million available at FY22 year end. The Group has built this balance sheet strength to ensure maximum flexibility, together with the capacity to take opportunities that are likely to become available in the near term, while maintaining strong financial covenant ratios.

**PLATFORM GROWTH**

Throughout FY22, Centuria’s real estate platform expanded by more than 20% to \$19.8 billion, with unlisted real estate funds increasing 18% to \$13.0 billion and listed funds growing 24% to \$6.8 billion.

Growth was generated by \$2.6 billion of real estate acquisitions together with \$0.5 billion of real estate lending. Centuria has one of the largest transactional teams within Australia, with specialists in each real estate sector who achieved considerable success via off-market transactions and select sales campaigns, demonstrating the level of growth opportunities available for a diversified platform.

In FY22 organic transactions took centre stage, totalling 90 properties, 67 real estate loans, a record breaking level of activity. Examples of these transactions include trophy assets in the \$100-\$300 million range such as:

- A super-prime last mile distribution centre in the core Sydney industrial market of Fairfield;
- An A-grade, recently completed metropolitan office building in South Melbourne;



# Joint CEOs' letter



BLOOMFIELD MEDICAL CENTRE, ORANGE NSW

- A New Zealand aged care portfolio incorporating 38 assets; and
- A greenhouse agricultural investment, leased to Australia's largest glasshouse operator, Flavorite Hydroponic Tomatoes, in Warragul, Victoria

The Group manages 419 assets leased to approximately 2,500 customer tenants. Average rent collections totalled a healthy 98% during the period. This impressive result was complemented by more than 500,000 sqm of leasing terms agreed, across an impressive 469 individual deals. This represents 12.6% of the Group's total NLA.

Our annual tenant engagement surveys held across our office and industrial assets continued to show strong results, with 96% of tenants reporting satisfaction with Centuria as their asset manager<sup>1</sup>.

Collectively, our Australasian platform provides a high average occupancy exceeding 97% and an average WALE of 6.7 years. The Group's high occupancy and staggered expiry profiles provide opportunities to deliver income predictability as well as capturing rental uplift upon expiry.

In addition to our property acquisitions, our development pipeline also assisted with organic growth – providing fit for purpose, modern, sustainable assets for our listed and unlisted funds. In particular, approximately \$988 million of our committed pipeline is focused on new healthcare

properties while around 15% is dedicated to new industrial real estate. Within Australia, the latter sector has less than 1% vacancy resulting in significant rental growth and an opportunity to take advantage on these very tight supply/demand fundamentals. Our development division continued to generate strong recurring development management fees and in some instances, development profits on completion.

Across the unlisted platform, we service more than 12,000 retail, wholesale and institutional investors and during FY22 our distribution team raised \$620 million of equity across new and open-ended opportunities. More than 32% of our unlisted AUM has no fund expiry review date and 56% has expiry review dates at or beyond five years.

During the period, we launched a number of unlisted single asset fixed term funds. These include office funds, predominantly leased to Government tenants; bespoke investment opportunities sourced with new JV partners; and a wholesale retail trust.

Our multi asset unlisted fund suite further broadened during the period, including:

- the Centuria Healthcare Property Fund (CHPF), which grew to \$568 million;
- the Centuria NZ Industrial Fund, which increased to \$588 million;

- the Centuria Diversified Property Fund (CDPF), which merged with Primewest Property Investment Fund, expanding its portfolio to \$260 million;
- the Centuria NZ Healthcare Property Fund, which is underpinned by the \$181 million Heritage-operated aged care portfolio; and
- the recently launched Centuria Agriculture Fund, which is seeded with a \$177 million glasshouse estate operated by the Flavorite Group.

During FY22, institutional capital investment in Centuria's unlisted platform increased 12% to \$1.9 billion. This included a healthcare joint venture with Morgan Stanley Real Estate Investing, called Centuria Prime Partnership (CPP), a joint venture with Blackrock for a Perth prime office building (\$280 million) and another two prime office mandates worth \$634 million. Our existing daily needs retail investment mandate expanded during the period to more than \$600 million.

The institutional mandates referred to above and the recently launched Centuria Agriculture Fund are both excellent examples of investment products previously built by the Primewest team or launched post the merger.

Each of Centuria's listed entities continued to grow. The S&P/ASX 300-listed COF is Australia's largest listed pure-play office REIT, with 23 high quality office assets worth \$2.4 billion. During the period, it acquired \$314 million of assets and achieved significant leasing success across more than 41,000 sqm.

The S&P/ASX 200-listed CIP is Australia's largest listed pure-play industrial REIT with 88 industrial properties worth \$4.1 billion. During the period, it acquired 23 high quality industrial assets and three developments sites, worth \$765 million. It also leased more than 185,000 sqm.

## MANAGEMENT TEAM

With an enlarged platform, our team also grew to 400 personnel across eight offices in three countries with a significant proportion of our workforce focused on the full spectrum of fund and asset management.

Throughout FY22, we bolstered our Treasury team, with key personnel now secured in Sydney, Perth and Auckland to ensure prudent capital management across the business. As we have grown in scale and diversification, so have our relationships with investors and finance providers. We have developed solid relationships with more than 21 quality lenders. The Group Treasury team's role is to source optimal debt capital and maintain sound capital management. This expanded team allows Centuria to develop robust, on the ground relationships with key finance providers.

Importantly, in FY22 we introduced what is to be a regular independent staff engagement survey which showed levels of engagement and satisfaction are high, with 94%<sup>1</sup> of employees reporting they enjoy working at Centuria. Further details are contained in the Chairman's introduction.

Our leadership program ensures the further development of future leaders, nurturing the management skills of recognised personnel across departments and throughout Australasia. Fostering the next generation of leaders ensures continuity across the business and flexibility as our workforce grows. It has been particularly rewarding to see future leaders from different countries and states come together during the program.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Centuria has accelerated our focus on environmental, social and governance (ESG) initiatives over FY22, and will published our second Sustainability Report prior to the 2022 Annual General Meeting (AGM).

Our Chairman's introduction covers some of the detail surrounding our efforts in this field, but we would like to focus further on two topics.

Firstly, we believe we have an important responsibility to explain our ESG position and the actions we are taking to our team. We prioritise sharing information and actively encourage employee feedback in regular workshops held on a variety of topics surrounding our social and environmental endeavours.

Second, an example of our practical approach to community responsibility is our support for St Lucy's School in Sydney, which provides primary and secondary education for students with disabilities. Centuria has supported the school for the past 10 years. Our commitment to the school involves volunteer days as well as annual trivia night fundraising events. This year we raised a record breaking \$175,000, an increase of 25% from last year's event. We intend to continue our support for the school as our main benevolent endeavour.

Diversity also continues to be a focus and the Group is pleased to report its gender diversity has improved with a 41:59 split between females to males<sup>2</sup>.

1. Centuria Capital Group undertake regular tenant surveys. The figure reported is from the Group's FY22 survey.

1. Centuria Capital Group undertake regular employee engagement surveys. The reported figure is from the Group's FY22 survey.  
2. Centuria's 2021 female to male workforce ratio was 37:63.



# Joint CEOs' letter

## OUTLOOK

We remain focused on sourcing quality real estate investment opportunities, utilising our deep real estate expertise and leveraging our platform to create value for our investors. The Centuria platform offers unique characteristics as an external funds manager. These include its bias towards high margin unlisted real estate business, its geographic reach and Australasian focus, its extremely defensive asset sector composition with sufficient channels to weather volatility and last of course our very extensive and mature internal investor base.

These attributes, coupled with our REIT management revenues, joint venture interests, institutional partnerships, and real estate credit business, combine to create a strong recurring revenue base. This, diversity of revenue in conjunction with our nimble and highly reactive business model, differentiates us from our peers.

Our business has operated for over 26 years in a variety of market conditions and cycles during which it has been

supervised by Joint CEOs who initially formed the business. Additionally, many of our executives have been with us for more than 15 years and we are confident that as a group we have the experience to maintain a disciplined approach to market disruptions and, just as importantly, the ability to seize on well priced assets for new funds so we look forward to FY23 with some anticipation.

No corporate is immune from financial market fluctuations and we have spent considerable time internally assessing our view on how conditions may alter, by how much, and over what period. Interest rates, for example, are expected to rise and then abate and it is important to take a through-cycle approach to real estate investment which, by its nature, is long term.

Centuria will retain its strong focus on the Australasian real estate sector and intends to grow its platform in the alternative healthcare, agriculture and non-bank lending sectors which are receiving strong, continued investor

demand. In addition, we will continue to leverage our strong distribution network and our institutional relationships to take advantage of both core and value add real estate opportunities across our traditional asset classes.

Looking ahead, we provide FY23 operating EPS guidance of 14.5 cents per security and DPS guidance of 11.6 cents per security, reflecting a 5.4% increase on FY22. The increase in our distribution guidance demonstrates our continued confidence in the cash generating capability of the business.

We would like to thank our team across Australia, New Zealand and the Philippines for their unwavering loyalty and dedication. Similarly, we thank the Chairman and Board of Directors across the Group and Responsible Entity boards as well as our external committees whose guidance and support are invaluable to the company’s success. Their hard work and dedication is often not appreciated and we wish to ensure it is acknowledged publicly.

Most of all we thank you, our securityholders, for your ongoing confidence and support. We look forward to updating you throughout FY23.



**John McBain**  
JOINT CEO



**Jason Huljich**  
JOINT CEO





FY22 was a record period of operating earnings and distribution delivered by the Group, despite the backdrop of rising inflation, domestic and global economic volatility, COVID-19 disruptions and ongoing geopolitical events.

**FY23 guidance**  
announced 10 August 2022

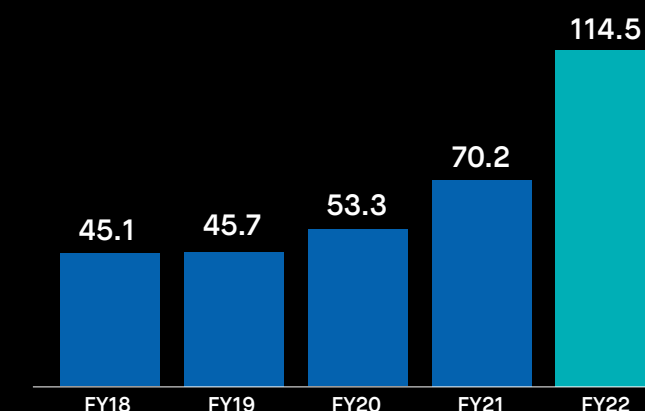
**14.5cps**  
operating EPS

**11.6cps**  
distribution per security  
+5.4% above FY22 DPS

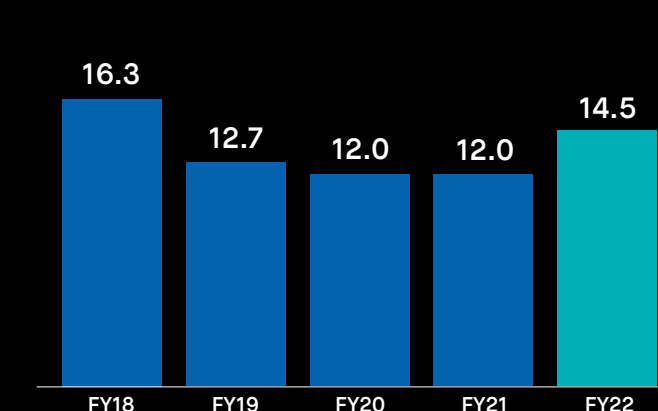
UNLISTED: EXCHANGE TOWER, 2 THE ESPLANADE, PERTH WA

## Key financial metrics

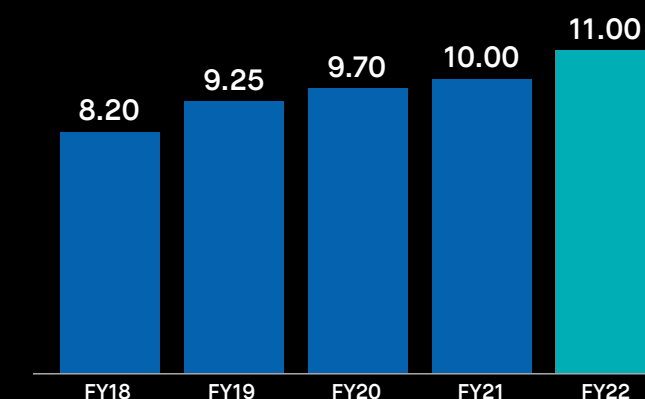
### OPERATING NET PROFIT AFTER TAX (\$M)<sup>1</sup>



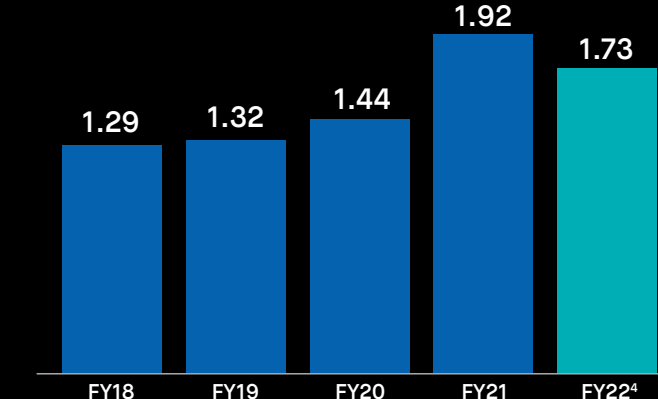
### OPERATING EARNINGS PER SECURITY<sup>2</sup> (CENTS)



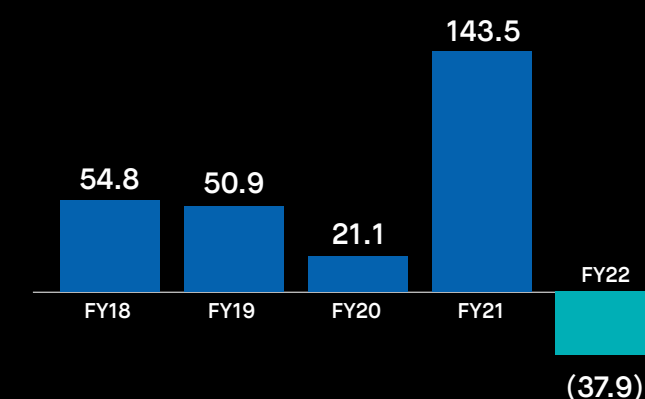
### DISTRIBUTIONS PER SECURITY (CENTS)



### NET ASSETS PER SECURITY (\$)<sup>3</sup>



### STATUTORY NET PROFIT AFTER TAX (\$M)<sup>5</sup>



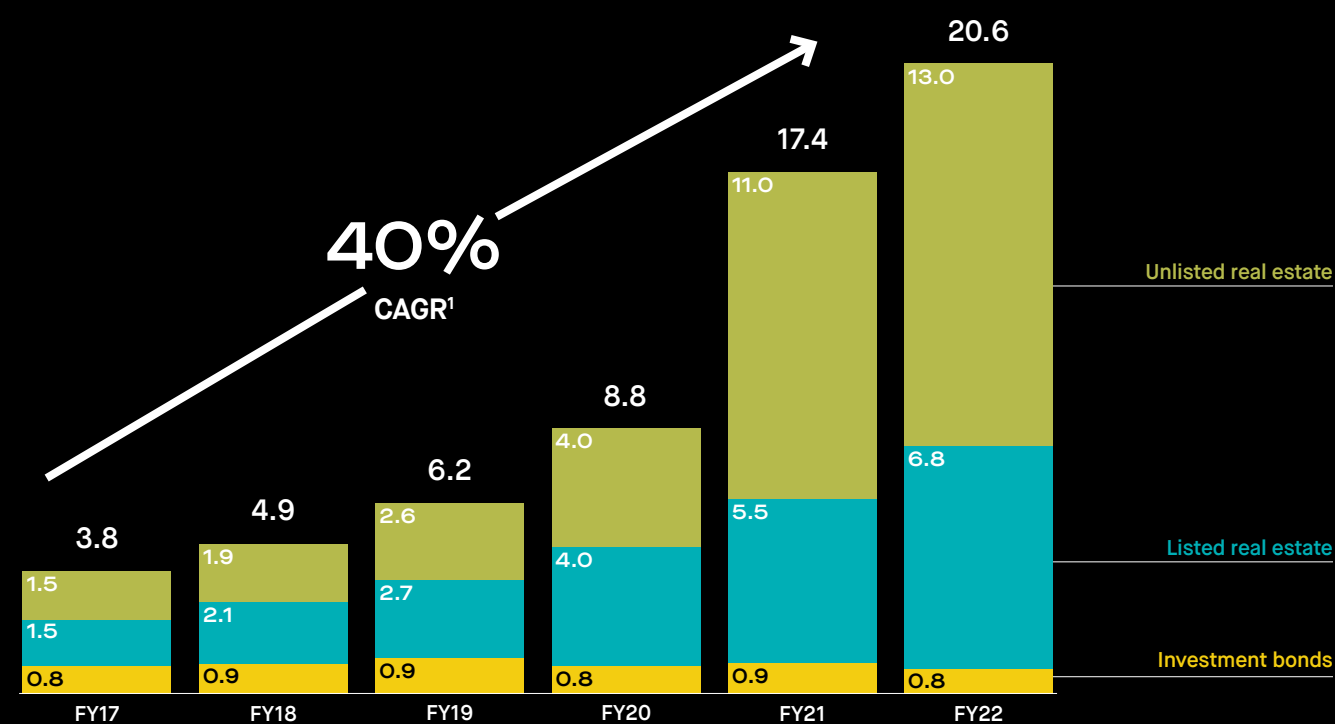
- Operating NPAT of the Group comprises the results of all operating segments and excludes non-operating items such as transaction costs, mark to market movements on property and derivative financial instruments, the results of Benefit Funds, controlled property funds and share of equity accounted net profit in excess of distributions received.
- Operating EPS is calculated based on the operating NPAT of the Group divided by the weighted average number of securities.
- Number of securities on issue 30 June 2022: 792,787,120 (at 30 June 2021: 787,802,693).
- Decline in net asset value per security is primarily attributable to the unrealised fair valuation of the Group's listed co-investment stakes.
- Attributable to securityholders.





## Expanding our funds management platform

### ASSETS UNDER MANAGEMENT (AU\$ billion)



1. CAGR calculated from 30 June 2017 to 30 June 2022.

### FY22 GROUP AUM MOVEMENT¹ (AU\$ billion)



Note: Assets under management (AUM) as at 30 June 2022. All figures above are in Australian dollars (currency exchange ratio of AU\$1.000:NZ\$1.1088 as at 30 June 2022). Numbers presented may not add up precisely to the totals provided due to rounding.

1. AUM includes assets exchanged to be settled, cash and other assets.

2. Includes \$735m of acquisitions exchanged at FY21 results that have since settled.





Organic growth has been aided by strategic corporate mergers that provided access to new markets, broader distribution lists, new real estate asset classes and expertise, allowing us to confidently diversify the property funds offering.

UNLISTED: VISY FACILITY, PENROSE AUCKLAND NZ

## Major direct corporate acquisitions

## Major direct real estate acquisitions

FY22

\$5.2bn AUM

BASS CAPITAL primewest  
a Centuria Group Company

\$3.1bn AUM

90 properties and  
37 real estate finance loans  
FY22 gross real estate activity

\$1.1bn AUM

VISY 140 ST GEORGES  
FOR A BETTER WORLD TERRACE  
One McNab avenue TELSTRA

FY21

\$1.7bn AUM

AUGUSTA

\$0.5bn AUM

NISHI Arnott's Group

FY20

\$0.6bn AUM

HEATHLEY

\$0.6bn AUM

Hines

FY19

\$1.4bn AUM

360 Capital  
GROUP

FY17





## Diversifying fund models across Centuria's platform

We have broadened our range of assets by sector, asset size, geographic markets and strategies for investment. Our range of investment options provide varying risk/return alternatives to match individual investor appetite.

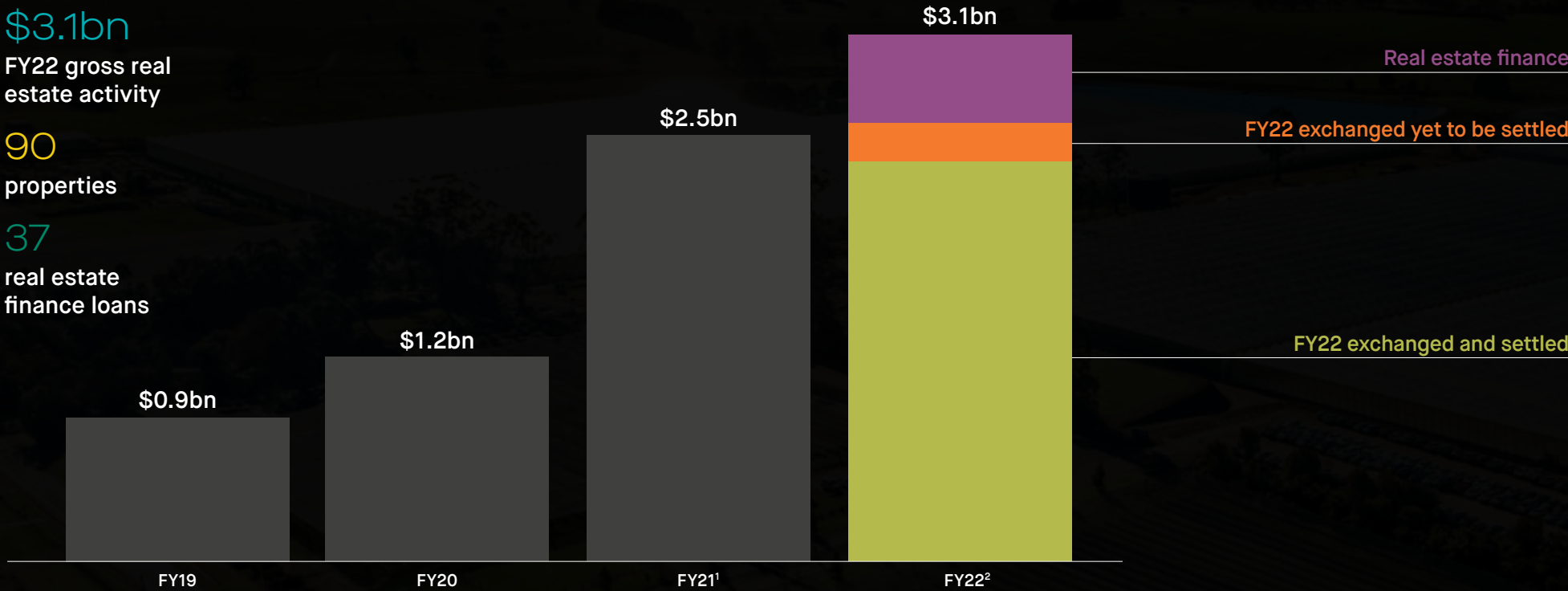
	SECTOR	Office	Industrial	Daily needs retail	Healthcare	Large format retail	Real estate finance	Agriculture
FUND TYPE/CAPITAL SOURCE	AUM (\$bn) <sup>1</sup>	\$7.3	\$6.0	\$1.8	\$1.7	\$1.6	\$0.8	\$0.4
Unlisted closed-ended single and multi asset <sup>1</sup>	\$8.7	3.4	1.2	1.0	0.8	1.3	0.6	0.2
Listed REITs <sup>1</sup>	\$6.8	2.6	4.1	0.1				
Unlisted open-ended	\$2.3	0.2	0.7	0.2	0.7	0.2	0.2	0.2
Unlisted institutional	\$1.9	1.1		0.6	0.2			

1. Platform total real estate AUM of \$19.8bn includes other AUM of \$0.2bn across tourism, shopping centres and land syndicates in the US, NZ and WA.



# Leveraging strong capital transaction capabilities

Leveraging our transactions expertise and deep market relationships, Centuria has a proven track record of securing high quality assets, predominantly in off-market or select campaign situations.



1. Includes \$735m of acquisitions exchanged at FY21 that have since settled.  
2. Includes \$2,175m of acquisitions exchanged and settled in FY22, \$403m of acquisitions exchanged in FY22 yet to be settled and \$516m of real estate finance transactions.



UNLISTED: FLAVORITE GLASSHOUSE, WARRAGUL VIC

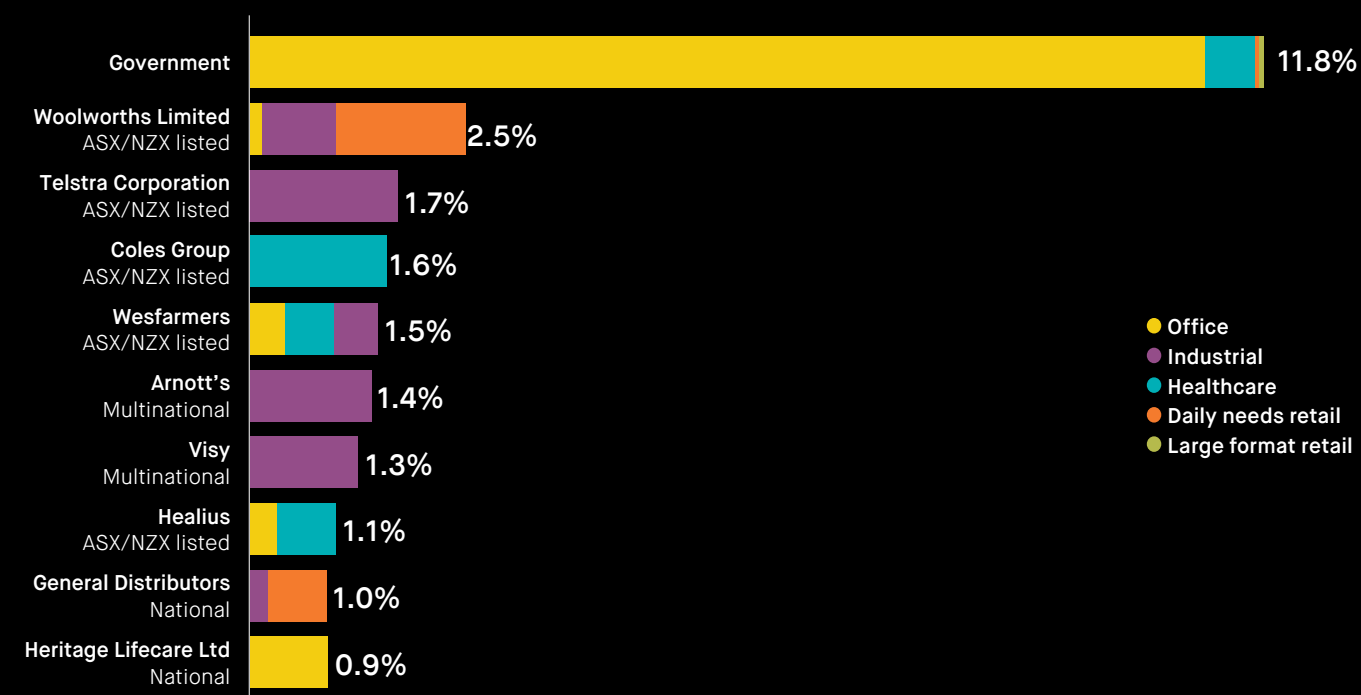




8 LEXINGTON DRIVE, BELLA VISTA NSW | ARTIST IMPRESSION

## Strong active asset management capabilities coupled with major tenant partners

### CENTURIA PLATFORM'S TOP 10 TENANTS BY INCOME (%)<sup>1</sup>



Centuria's ability to effectively manage assets across our platform benefits from integrated commercial property services and an active management approach.

**6.1 year**  
Platform's weighted average lease expiry (WALE) by income<sup>1,2</sup>

**97.2%**  
Platform's total occupancy by area<sup>1,2</sup>

**98.2%**  
Average rent collected over entire platform<sup>1</sup>

**~419**  
assets<sup>1,2</sup>

**~2,480**  
tenants<sup>1,2</sup>

1. Tenancy profile is shown aggregated across all funds managed by Centuria and is not representative of any single fund.  
2. Excludes land, development, US syndicates, Centuria BASS Credit, assets exchanged yet to be settled.





LISTED: 6-8 MUNROE LANE, ALBANY, AUCKLAND NZ

## \$2.1 billion development pipeline to seed funds

The Group has a \$2.1 billion development pipeline. These projects include opportunities to upgrade, refurbish and redevelop properties to create high quality investment assets for our listed and unlisted funds.

Development fees and profits provide growing income.

Centuria strategically uses its balance sheet to seed development projects destined for Centuria funds.

**\$45.1m**  
Carrying value of Centuria balance sheet development assets.

ASSET CLASS	FY22 COMPLETIONS		COMMITTED PIPELINE <sup>2</sup>		FUTURE PIPELINE <sup>2,3,4</sup>		TOTAL PIPELINE	
	\$M	GLA	\$M	GLA	\$M	GLA	\$M	GLA
Office	-	-	202	25,600	-	-	202	25,600
Industrial	3	260	308	138,600	-	-	308	138,600
Healthcare	37	5,081	613	51,940	375	25,948	988	77,888
Large format retail	7	486	33	8,628	-	-	33	8,628
Other/social infrastructure <sup>3</sup>	36	10,000	163	12,090	371	93,804	594	105,894
<b>Total<sup>1</sup></b>	<b>83</b>	<b>15,827</b>	<b>1,319</b>	<b>236,858</b>	<b>746</b>	<b>119,752</b>	<b>2,065</b>	<b>356,610</b>

Note: All figures above are in Australian dollars (currency exchange ratio of AU\$1.000:NZ\$1.1088 as at 30 June 2022). Numbers presented may not add up precisely to the totals provided due to rounding.

1. Development projects and development capex pipeline, including fund throughs.

2. Committed pipeline includes planning commencements and projects under construction.

3. Lakeview Queenstown JV reflected at a 25% interest.

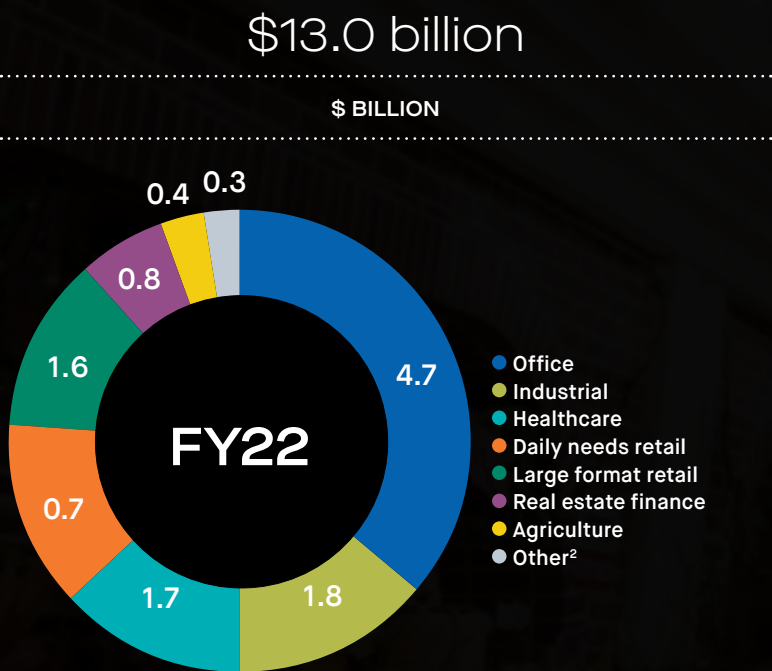
4. Includes opportunities undergoing development assessments or pre-planning approvals.



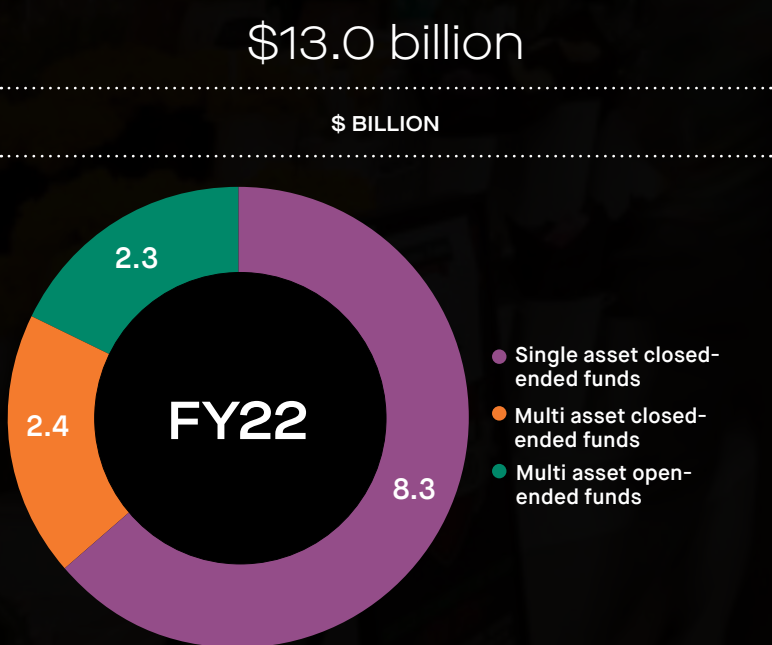
# Unlisted property: AUM growth to \$13.0 billion (+18% for FY22)

Centuria has a strong weighting to unlisted property funds (63%). Centuria's unlisted funds receive firm support from our 12,000 strong investor base and are a resilient, defensive linchpin of our success.

## SECTORS



## FUNDS



63%  
AUM weighting to unlisted real estate

\$620m  
FY22 gross equity raised

\$21m  
FY22 performance fee cash collected

56%  
Unlisted AUM with expiry review dates at, or beyond, five years

>12,000  
Australian investors

\$33m  
FY22 recognised performance fees

\$179m  
FY22 latent underlying performance fees<sup>1</sup>

32%  
Unlisted AUM with no fund expiry review date

1. The total amount of latent (unrecognised) future performance fees available to the Group are estimated at \$179m. Unrecognised performance fees are estimated based on current property valuations adopted within each fund and due to inherent uncertainties in relation to the future performance of each property do not qualify for recognition in the current period under Centuria's revenue recognition policy and may not entirely eventuate.



UNLISTED: WEST VILLAGE SHOPPING CENTRE PRECINCT, WEST END QLD



# Healthcare: Growing in an attractive sector

Targeting **\$2.0bn** of healthcare AUM by FY23 end.

Centuria is an established healthcare real estate manager.

**\$1.7bn** (+55%)  
real estate AUM (81% AU/19% NZ)

**c.\$1bn**  
total healthcare development pipeline

## UNLISTED FUNDS AND INSTITUTIONAL DEMAND

Morgan Stanley REI partnership growth to **\$215m AUM<sup>1</sup>**

CHPF open-ended fund growth to **\$568m<sup>1</sup> AUM** (+200%)  
  
**\$0.9bn AUM** across six other unlisted healthcare funds

## ASSET MANAGEMENT

Over **200** healthcare tenants

**107** properties

Institutional grade short stay and day hospitals, mental health facilities, medical and specialist centres and aged care facilities in NZ.

1. Includes development projects on an accounting carrying value basis.  
2. Source: JLL.  
3. Source: Australian Institute of Health and Welfare – Health Expenditure Australia 2017-18. Figures exclude aged care, 41250DS0007 Gender Indicators, Australia, November 2019, ACFA – Sixth Report on the Funding and Financing of the Aged Care Sector – July 2019, Australian Bureau of Statistics, Department of Treasury – Treasury projections from 2015 Intergenerational Report: Australia in 2055.

MURDOCH CANCER TREATMENT CENTRE, MURDOCH WA



## HEALTHCARE THEMES AND MEGATRENDS

- Emerging Australian real estate sector<sup>2</sup>**
- Australian private hospital sector worth ~\$41bn by 2041.
  - Currently ~30,000 beds, 155 general overnight private hospitals, 35 rehabilitation clinics and 45 specialist mental health facilities.
  - Just 280 beds currently under construction (~2,200 private hospital beds required in the next eight years to meet demand).
- Co-location models**
- PropCo partners and private real estate funding/PPP increasing.
  - Multi-use healthcare precincts.
  - Long leases can support income predictability.
- Ageing population and chronic disease occurrence<sup>3</sup>**
- 65+ population forecast to more than double to 7.9 million in 2050.
  - Population with comorbidities increased to 78% (females), 76% (males).

# Agriculture: Diversification into a compelling sector

Targeting **\$0.8bn** of agriculture AUM by FY23 end.

## EXPANDING AGRICULTURE

**\$0.4bn**  
AUM

**7**  
assets

**3**  
funds

Triple net-leases provide secure income streams.  
  
Strong transaction pipeline provides further growth opportunities.

**\$0.2bn AUM**  
Centuria Agriculture Fund launched, with seed asset Warragul Glasshouse.

## AGRICULTURE THEMES AND MEGATRENDS

- Export potential**
- Premium food product growth of 55% to 2030.<sup>1</sup>
- Supply chain**
- Disruptions highlight access to local agriculture products.
- High quality domestic agriculture**
- Australian products are highly valued by global markets.
- Technology and farming advancements**
- Supporting higher revenues, yields, productivity and reduced waste.
- Protected cropping**
- Predictable outputs can mitigate key farming risks.<sup>2</sup>
- Environment**
- Modern agriculture techniques harness world-leading technology to reduce water consumption. Energy efficient assets have a lower operational running cost, with initiatives such as on site solar reducing greenhouse emissions.

1. Source: CSIRO. Growth opportunities for Australian food and agribusiness.  
2. Source: Protected Cropping Australia.



PINEGATTA FARM, DENILIQUIN NSW



# Centuria Bass Credit: A new unlisted growth opportunity

### INTEGRATION

- Utilising Centuria's multi-sector real estate expertise and distribution.
- Centuria Bass JV continues to offer attractive margins.

### NON-BANKING FINANCE

- Predominantly focused on first ranking mortgages.

### DEBT MARKET TRENDS

- Margin compression, increasing construction costs causing developers to consider alternative debt solutions.

### ALTERNATIVE NON-BANK LENDERS

- Traditional bank lenders continue to reduce development real estate debt exposure.

Changing market conditions generate new growth opportunities.

\$0.8bn  
real estate  
finance AUM  
(FY21: \$0.3bn)

91%  
of loan volumes  
secured by first  
mortgage security,  
gross average  
LVR of 64%

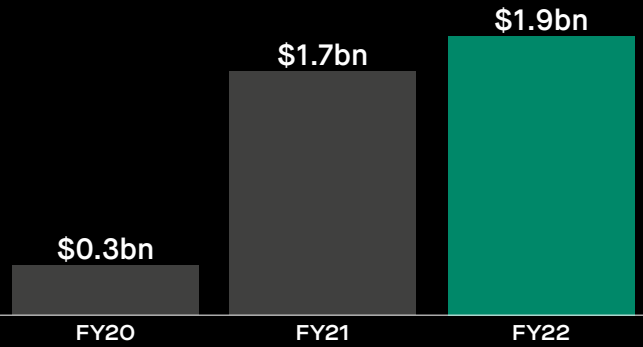
37 loans  
funded worth  
\$516m



RICHARDSON STREET, SOUTH PERTH WA | ARTIST IMPRESSION

# Institutional AUM growth to \$1.9 billion (+12% over FY22)

Unlisted mandates and partnerships support new investment opportunities.



- Morgan Stanley (MSREI) healthcare partnership grows to \$215m AUM.<sup>1</sup>
- Opportunities to expand healthcare institutional capital.



- Prime office sovereign wealth mandate filled (2 assets, \$634m AUM).
- \$930m daily needs retail sovereign wealth mandate (11 assets, \$600m AUM).



- Family office and select single asset JVs broaden capital pools e.g. Blackrock 140 St Georges Terrace Fund.

<sup>1</sup>. Includes development projects on an accounting carrying value basis.



WESTSIDE PRIVATE HOSPITAL, TARINGA QLD



ADENEY PRIVATE HOSPITAL, KEW VIC | ARTIST IMPRESSION



EXCHANGE PLAZA, PERTH WA



111 ST GEORGES TERRACE, PERTH WA



OMNIA WOOLWORTHS, DARLINGHURST NSW



WEST VILLAGE SHOPPING CENTRE, QLD



Listed property: AUM growth to \$6.8 billion (+24% for FY22)



ASX:COF

CENTURIA OFFICE REIT

Australia's largest ASX-listed pure play office REIT.

A quality portfolio of decentralised, strategically located and affordable office space.

\$2.4bn

AUM<sup>1</sup>

23

high quality assets

18.9%

CNI co-investment<sup>2</sup>

\$314m

FY22 acquisitions

Included in the  
S&P/ASX 300 Index

Included in the  
FTSE EPRA NAREIT Global Developed Index

79%

Portfolio income from government, ASX-listed and multinational tenants.



ASX:CIP

CENTURIA INDUSTRIAL REIT

Australia's largest domestic ASX-listed pure play industrial REIT.

A quality portfolio of fit for purpose industrial assets, situated in infill locations with close key infrastructure.

\$4.1bn

AUM

88

high quality assets

16.1%

CNI co-investment<sup>2</sup>

\$765m

FY22 acquisitions<sup>3</sup>

Included in the  
S&P/ASX 200 Index

Included in the  
FTSE EPRA NAREIT Global Developed Index

88%

Portfolio income from ASX-listed, national and multinational tenants.



NZX:APL

ASSET PLUS

Targeting long term total returns.

Completing major, council anchored office development.

\$0.3bn

AUM<sup>1,4</sup>

19.9%

CNI co-investment<sup>2</sup>

Munroe Lane development

NZ\$147m

estimated value on completion

Mid FY23

Munroe Lane target completion

1. Excludes assets exchanged in FY21 that settled in FY22.  
2. Includes ownership associates of Centuria Capital Group.  
3. Includes assets exchanged in FY21 but settled in FY22.  
4. Includes commenced development projects valued on an as if completed basis.

Centuria LifeGoals

LifeGoals investment bonds is a simple tax effective solution to achieve long term financial goals.

\$0.8bn  
AUM

8.6%  
total Australian investment bond market share<sup>1</sup>

Approved by a wide range of dealer groups nationally

31 fund options  
including 3 ESG fund options

ASSETS UNDER MANAGEMENT	FY22 \$M	FY21 \$M	HY22 CHANGE (%)
Prepaid funeral plans (Guardian) <sup>2</sup>	536.6	582.0	-7.8%
Capital guaranteed (Centuria Life) <sup>3</sup>	0.0	140.9	-100.0%
Unitised bonds (Centuria Life) <sup>3</sup>	230.7	141.6	62.9%
Centuria LifeGoals	39.6	27.9	41.9%
<b>Total</b>	<b>806.9</b>	<b>892.4</b>	<b>-9.6%</b>

1. QDS report 30 March 2022.  
2. Centuria Life Limited (CLL) is the key service provider to Over Fifty Guardian Friendly Society.  
3. As part of a major restructure the capital guaranteed bonds became unitised bonds following a policyholder vote and APRA approval.



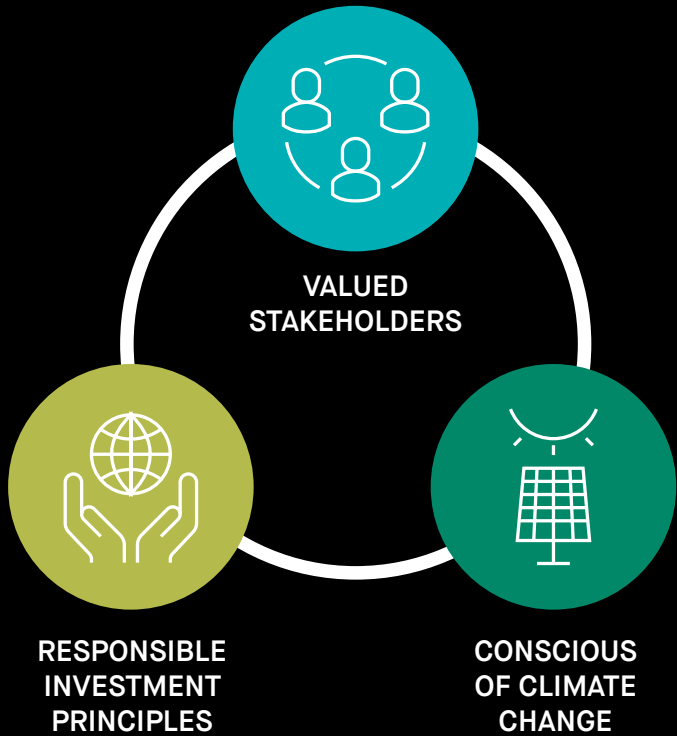


# Sustainability at Centuria

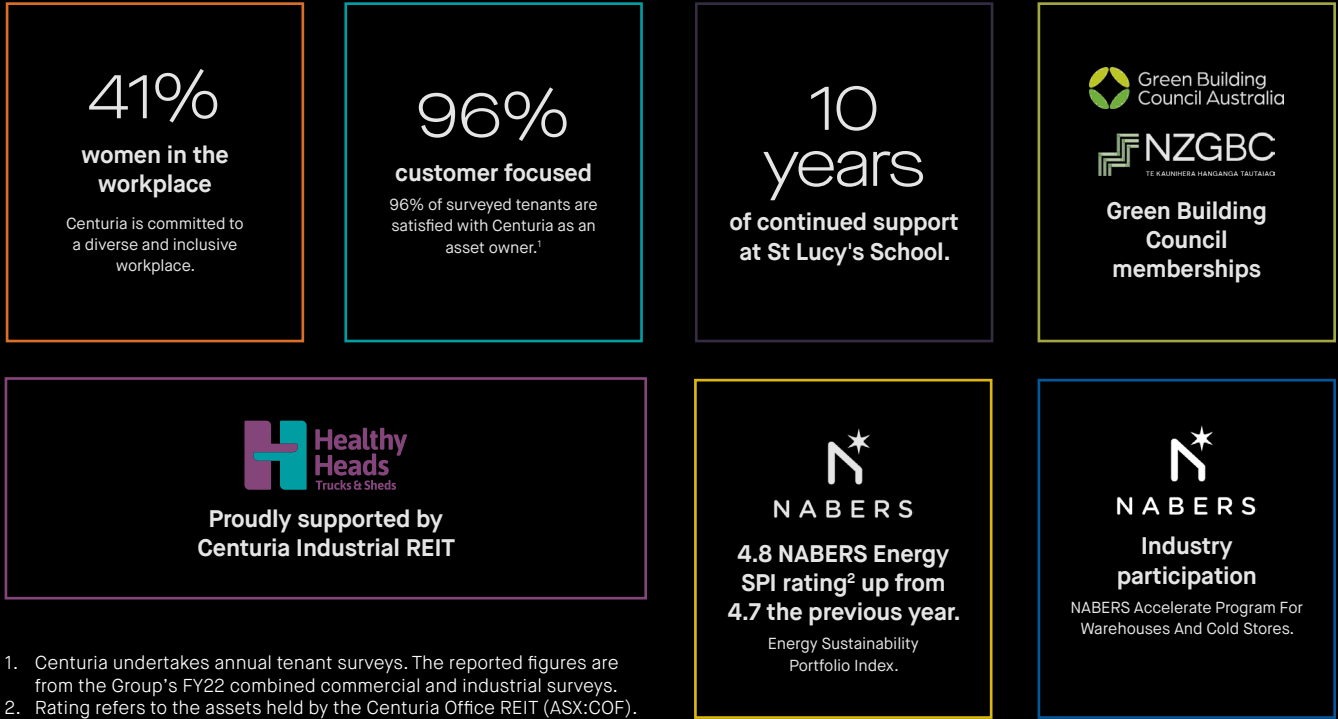
Centuria is committed to the development and implementation of environmental and social sustainability practices across its portfolio, while adhering to best practice corporate governance. Centuria developed a pragmatic and achievable sustainability framework that guides our investment decisions, asset management and stakeholder relations for the betterment of the communities and markets we operate within. Our Sustainability Framework aligns our approach to sustainability under three areas of focus.

## OUR SUSTAINABILITY FRAMEWORK

The three areas of focus which define Centuria Capital's Sustainability Framework are aligned to environment, social and governance aspects. These areas are: Conscious of Climate Change, Valued Stakeholders and Responsible Investment Principles.



## HIGHLIGHTS FOR FY22



1. Centuria undertakes annual tenant surveys. The reported figures are from the Group's FY22 combined commercial and industrial surveys.  
2. Rating refers to the assets held by the Centuria Office REIT (ASX:COF).



## Responsible investment principles

GOVERNANCE

Centuria is committed to honest, transparent, and responsible business practices. We do this by investing in our processes and people, equipping the Group to act responsibly and in the best interests of our stakeholders. This includes making sure the right policies, procedures and systems are in place to strengthen our governance.

## TRANSPARENT AND ACCOUNTABLE

To ensure we are transparent and accountable, we provide ongoing training for our people to strengthen our systems and wider governance processes.

All employees undergo regular training covering:

- code of conduct;
- cyber security;
- breach reporting; and
- ESG for select personnel, including modern slavery.

## RESPONSIBLE INVESTMENT

Responsible investing is about incorporating wider values into our decision making process. When we make investment decisions, we consider the ESG implications and what impact they may have on our valued stakeholders.

Over the past year, Centuria has focused on:

- a modern slavery assessment of our suppliers; and
- climate change assessments of our assets.

## VALUES AND CAPABILITIES

Our values and capabilities define what it means to be an employee at Centuria. We are committed to investing in our people, supporting them to realise their professional and personal goals.

Centuria's second Sustainability Report will be published later this year, in time for Centuria Capital Group's 2022 Annual General Meeting.







## Conscious of climate change

ENVIRONMENT

Climate change impacts the way we do business and the communities in which we operate. Increasing severity in weather patterns and the movement of capital towards climate resilient and low carbon opportunities requires a proactive and practical response.

### CLIMATE ACTION

Across our listed and unlisted portfolio, we are continuing to improve asset efficiency, reduce our energy consumption and respective generated emissions. Asset upgrades are focused on improving building ratings under NABERS and delivering value for our tenants and investors.

Our Office REIT (ASX:COF) and Industrial REIT (ASX:CIP) have also committed to increase the amount of onsite solar, across their respective portfolios.

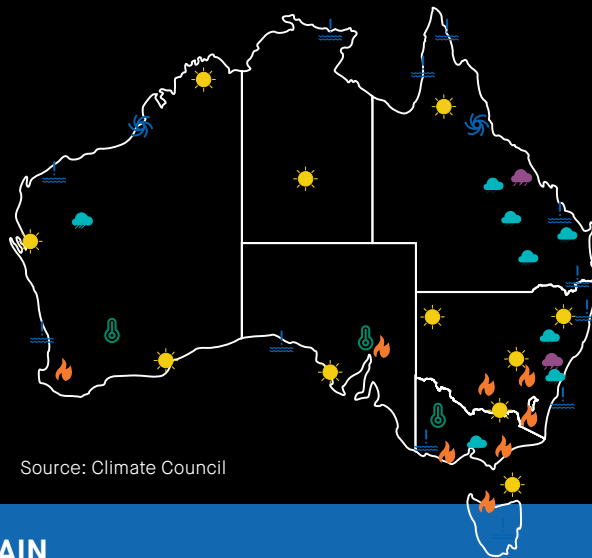
### CLIMATE RESILIENCE

We have risk assessed our existing portfolio against probable climate impacts under a 2°C and 4°C scenario. New assets are also screened for probable climate risks before being acquired by our funds. Transition plans are being developed for assets to aid in the mitigation of potential severe weather events, driven by climate change.

Centuria reports under the Task Force on Climate-related Financial Disclosure (TCFD) recommendations, with our second disclosure to be released later this year as part of our Sustainability Report.

### How will climate change affect Australia?

-  **Hotter and drier** conditions will lead to harsher bushfire weather.
-  Heatwaves will become even **longer and hotter**.
-  Higher sea levels will **increase flooding** in coastal cities and towns.
-  Potential severe thunderstorm days are **expected to increase**.
-  Droughts are likely to happen **even more often**.
-  Cyclones are likely to become **more intense**, but less frequent.
-  Extreme rainfall events are expected to become **more intense**.



Source: Climate Council

### ONGOING CLIMATE ACTION ACROSS OUR VALUE CHAIN

Installed a 323kW solar panel system. COF has also undertaken a portfolio wide feasibility assessment, with plans to install an additional 1.5MW of solar panels across existing assets.

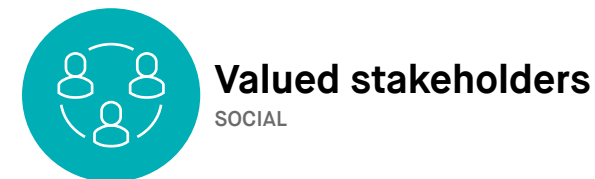


COF: 8 CENTRAL AVENUE, REDFERN NSW

In partnership with our tenant, a 1MW system was installed. CIP is also partnering with other valued tenants to install more than 1.5MW of solar panels in FY23, with plans to increase this in years to come.



CIP: 21 JAY STREET, TOWNSVILLE QLD



## Valued stakeholders

SOCIAL

A valued stakeholder is one we seek to assist in the creation of long term shared value. We define our stakeholders as our customers (tenants), investors (individual and institutional), suppliers, industry bodies, communities in which we operate and our employees.

### CUSTOMER FOCUSED

Our tenants are important stakeholders. We undertake annual tenant engagement surveys to better connect and understand how we can better support them, while proactively engaging with our investors to understand where their values lie.

### COMMUNITY FOCUSED

At Centuria, it is important for us to support and contribute to the prosperity of the local communities in which we operate. We aim to create long term partnerships with the local communities where our assets are located and not-for-profit organisations.

To this end, Centuria has continued its ten year partnership with St Lucy's School, a special primary and high school for children with disabilities located in Wahroonga on Sydney's North Shore. This year we were able to raise a record-breaking \$175,000 for the school, which is a 25% increase from last year.

### DIVERSE, INCLUSIVE AND HEALTHY WORKPLACES

We are focused on promoting a diverse and inclusive workplace, prioritising the health and wellbeing of all our employees.

An annual employee (including part time and contractors) engagement survey is conducted by our external provider, Culture Amp. This annual survey is an important tool used by management to identify areas of opportunity to create a resilient and thriving work culture.

Centuria also provides wider support for our employees, who benefit from:

- a generous parental leave program; and
- Centuria Rewards – a rewards program which provides financial assistance for employees.



\$175,00 raised  
in support of St Lucy's School.

96% of surveyed tenants are satisfied with Centuria as an asset owner.<sup>1</sup>

94% of employees are proud to work at Centuria.<sup>2</sup>



41% women in the workplace.  
Centuria is committed to a diverse and inclusive workplace.

1. Centuria undertakes annual tenant surveys. The figure reported is from the Group's FY22 survey.  
2. Centuria undertakes annual employee engagement surveys. The figure reported is from the Group's FY22 survey.





**John McBain**

EXECUTIVE DIRECTOR  
AND JOINT CEO

**Susan Wheeldon**

INDEPENDENT NON-EXECUTIVE  
DIRECTOR

**John Slater**

INDEPENDENT NON-EXECUTIVE  
DIRECTOR

**Jason Hujlich**

EXECUTIVE DIRECTOR  
AND JOINT CEO

**Garry Charny**

CHAIRMAN

**Kristie Brown**

INDEPENDENT NON-EXECUTIVE  
DIRECTOR

**Peter Done**

INDEPENDENT NON-EXECUTIVE  
DIRECTOR



# Board of directors



**Garry Charny**

CHAIRMAN

Garry was appointed as Chairman of the Centuria Capital Group Board on 30 March 2016. He has significant board level experience with listed and unlisted companies across a diverse range of sectors including property (Trafalgar Corporate, which became 360 Capital and Manboom); retail (Apparel Group, Sportscraft and Saba); technology (General Electric EcXpress and 1st Available) and media (Boost Media, Macquarie Radio, and April Entertainment).

Currently he is Chairman, Managing Director and founder of Wolseley Corporate, an Australian corporate advisory and investment house that consults on local and international transactions in the USA, United Kingdom, Malaysia, India and throughout Southeast Asia. Wolseley specialises in mergers and acquisitions, strategic corporate advice and contentious matters resolution.

Garry is also Chairman of Spotted Turquoise Films, an international film and television company based in Sydney and Los Angeles, and Chairman of Shero Investments, a Sydney based investment company.

Previously, he was co-founder and Chairman of Boost Media International, an international media advisory business with offices in Sydney, New York, Toronto, Kuala Lumpur and Delhi. He was also President of Boost Media LLC (USA).

From 1983 to 1995, Garry practised as a Barrister-at-Law at the Sydney Bar specialising in corporate, commercial, equity and media. He was an Adjunct Lecturer in Law at the University of NSW.



**John McBain**

EXECUTIVE DIRECTOR AND  
JOINT CEO

Joint CEO John McBain’s 42 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.

He is an Executive Director of Centuria Capital Limited, Centuria Life Limited, Centuria Healthcare Pty Limited and Primewest Management Limited and a Non-Executive Director of Centuria Bass Credit Limited. John is a director of NZX-listed Asset Plus Limited (NZX:APL) and an alternate director of Centuria Funds Management NZ Limited and Centuria NZ Industrial Fund Limited. He also serves on the Centuria NZ and Centuria Healthcare Management committees and the Centuria Life Investment Committee.

John and Jason Huljich founded Centuria Capital together over 25 years ago and the group now oversees more than \$20 billion of assets under management including four separate publicly listed vehicles and over 400 staff throughout Australia, New Zealand and the Philippines.

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, Governance, Compliance, Corporate Investor Relations, Marketing, Communications and Centuria Life teams who report directly to him. He serves on the Non-Financial Risk Committee and the ESG Management Committee.

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 (now Centuria NZ) (2020) and Primewest Group (2021).

This corporate acquisition strategy, together with a highly successful asset acquisition and funds management program overseen by fellow CEO Jason Huljich, has seen the pair oversee significant corporate growth culminating in Centuria Capital Limited entering the S&P ASX 200 Index in July 2021.

John has a property valuation qualification from the University of Auckland.



**Jason Huljich**

EXECUTIVE DIRECTOR AND  
JOINT CEO

Joint CEO Jason’s 26 year real estate career spans the commercial and industrial sectors. Jason is an Executive Director of Centuria Capital Group, Centuria Life Limited, Centuria Healthcare Pty Limited, Centuria Healthcare Asset Management Limited and Primewest Management Limited, as well as a director of Centuria Funds Management (NZ) Ltd and Centuria NZ Industrial Fund Limited and a Non-Executive Director of Centuria Bass Credit Limited.

Jason is joint CEO alongside John McBain, collectively overseeing more than \$20 billion of assets under management and managing over 400 staff throughout Australia, New Zealand and the Philippines.

Jason is chiefly responsible for the Group’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.

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 property funds manager. CNI and CIP are included in the S&P/ASX 200 Index. COF is included in the S&P/ASX 300 Index. CIP and COF are part of the FTSE EPRA Nareit Global Index.

Jason has a hands on approach to the real estate operations across the Group’s platform. The Transactions, Development, Funds Management, Distribution and Asset Management teams all report directly to him.

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 (PFA) 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.



**Susan Wheeldon**

INDEPENDENT NON-EXECUTIVE  
DIRECTOR

Susan joined the Centuria Capital Group Board as an Independent Non-Executive Director in August 2016. She brings extensive experience across international commercial markets within ICT, real estate, legal, aviation and online retail sectors.

Currently Susan is Country Manager for Australia, New Zealand and Oceania at Airbnb. Previously, she served in a number of roles, including Head of Government and 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.

During her career, Susan has held a number of senior roles in Australia and the United Kingdom across a diverse range of industries including global law firms DLA Piper and King & Wood Mallesons, working with the Virgin Australia and Virgin Atlantic airline brands, as Vice President of Groupon, and as Head of Brand and Retail at AMP Capital Shopping Centres.

She holds an MBA from the Australian Graduate School of Management (AGSM) and is a member of the Australian Institute of Company Directors.





**John Slater**

INDEPENDENT NON-EXECUTIVE  
DIRECTOR

John was appointed as a financial adviser to Centuria Life Limited in 2011 and as a member of its Board in 2013.

On 22 May 2013, he was appointed as a Director of Centuria Capital Limited. He also serves on the Nomination and Remuneration Committee.

John was previously a senior executive at KPMG Financial Services prior to establishing a financial advisory practice. Since the sale of that practice he has focused on consulting activities and his non-executive roles with Centuria.

John has deep experience in all financial market sectors gained during his 35 year career. Over this time, he has been directly involved with investments and investment committees and sits on the investment committees of Centuria Life Limited and the Over Fifty Guardian Friendly Society Limited. John continues to be active in investment committee activities in other non-aligned financial groups.



**Kristie Brown**

INDEPENDENT NON-EXECUTIVE  
DIRECTOR

Kristie is an experienced real estate investment and legal professional who was appointed to the Centuria Board on 15 February 2021 as an Independent Non-Executive Director as well as a member of the Group's Audit, Risk and Compliance Committee (ARCC) and the Conflicts Committee.

Kristie has a background in corporate law with over 17 years' experience in funds management and M&A. She has practiced at Clayton Utz and Ashurst (then, Blake Dawson Waldron) and has considerable experience working with large corporations, fund managers, financial institutions, private equity and hedge fund operators, real estate investment trusts, developers and financiers.

Subsequent to her legal career, Kristie established a private investment business, Danube View Investments, which primarily operates in the Australian property sector.

Kristie is also a founding partner of investment firm, Couloir Capital, which was established in 2020 to invest its own capital in unique investment opportunities and to introduce such opportunities to like-minded family office and high net worth investors.



**Peter Done**

INDEPENDENT NON-EXECUTIVE  
DIRECTOR

Peter joined the Centuria Capital Group Board as an Independent Non-Executive Director in November 2007. He is also Chair of Centuria Capital Group's Audit, Risk and Compliance Committee.

He has extensive knowledge of 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.

Peter hails from a 38 year career at KPMG. From 1979, he held the position of Partner until his retirement in 2006. During his 27 years as Partner, Peter was the lead audit partner for many clients, including those involved in property development, primary production and television and film production and distribution.

Peter holds a Bachelor of Commerce (Accounting) from the University of New South Wales and is a Fellow of Chartered Accountants Australia and New Zealand.



# Senior executives



**John McBain**  
EXECUTIVE DIRECTOR AND JOINT CEO

**Jason Huljich**  
EXECUTIVE DIRECTOR AND JOINT CEO



**Simon Holt**  
CHIEF FINANCIAL OFFICER

As Chief Financial Officer, Simon has been responsible for Centuria's finance, information technology and treasury functions since 2016.

Alongside the Joint CEOs, Simon is a key member of the senior team responsible for the Group's expansion across Australia, New Zealand and the Philippines, and he has been instrumental in debt and equity raisings across all the Centuria listed entities, in particular Centuria Capital Limited.

Simon takes immense pride in the key role he has played in Centuria's evolution, and in reporting year on year growth across distributions per security and operating profits made by the Group.

He has been instrumental in structuring expanded capital sources through joint venture partnerships, and he has established a well performing treasury function which has overseen the issuance of Centuria corporate notes and further diversifying the Group lender pool.

Simon has more than 25 years experience across local and global financial markets and has held a range of senior financial positions which include Westfield Group and Westfield Trust.

Simon is a Chartered Accountant and holds a Bachelor of Business degree (Accounting and Marketing majors) from the University of Technology, Sydney (UTS). He is also a Member of Australian Institute of Company Directors and a licenced Class 1 Agent for Real Estate Sales, Leasing and Auctions.



**Anna Kovarik**  
GROUP CHIEF RISK OFFICER AND COMPANY SECRETARY

Anna joined Centuria in July 2018 in the role of General Counsel and Company Secretary. In July 2020 Anna was promoted to Group Chief Risk Officer and Company Secretary. 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.

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 UK and NSW and was a senior associate at Allens law firm in Sydney where she specialised in the areas of real estate and funds management.

Anna is a member of the Australian Institute of Company Directors.



**Ross Lees**  
HEAD OF FUNDS MANAGEMENT

Ross is the Head of Real Estate Funds Management and a Centuria Senior Executive Committee member. He is responsible for both listed and unlisted property funds in the office, industrial, retail, healthcare and agricultural sectors.

This includes Australia's largest ASX-listed pure-play office and industrial REITs (COF and CIP), and more than 100 open- and closed-ended unlisted property funds with AUM exceeding \$19 billion.

Ross joined Centuria in 2017 and has more than 17 years of investment management experience, having held senior transactional and portfolio management positions for peers including Dexus, LOGOS Group and Stockland.

Ross holds a Master of Applied Finance from Macquarie University and Bachelor of Business (Property Economics) from UWS.



# Senior executives



**Mark Francis**

CEO -  
CENTURIA  
NEW ZEALAND

CEO of Centuria’s New Zealand division, Mark Francis, has a career spanning more than 25 years across financial and real estate markets. He founded Augusta Capital in 2001 and assumed his current position at the helm of Centuria’s New Zealand entity following the companies’ merger.

Mark is a board member of the Centuria Funds Management NZ and the Centuria NZ Industrial Fund as well as a Centuria Capital Senior Executive Committee member. He is also Managing Director of the NZX-listed Asset Plus Limited (NZX:APL).

He is responsible for overseeing a NZD\$2.9 billion real estate portfolio spanning office, industrial, healthcare, retail and tourism assets across listed and unlisted funds while managing a team of more than 40 staff across three offices.

Prior to founding Augusta, Mark was an equity analyst with Hendry Hay MacIntosh (now Merrill Lynch in NZ) before undertaking property development roles with Force Corporation Limited and Village Roadshow Australia Pty Ltd.

Mark graduated from the University of Otago with a Bachelor of Commerce (Finance).



**Andrew Hemming**

MANAGING  
DIRECTOR,  
CENTURIA  
HEALTHCARE

For more than two decades, Andrew has worked across investment markets including Australian and US equity derivatives, fixed term interest markets and commercial real estate sectors, the latter focused on healthcare property. His investment experience spans Australian, British, European and US markets.

As managing director of Centuria Healthcare, Andrew is responsible for strategic business growth, deal origination, asset transactions, and leads 17 healthcare property specialists. He has grown the business to 60 assets under management worth c.\$1.4 billion (as at 30 June 2022).

Andrew guides the Centuria Healthcare investment division with a preference towards assets that provide cost-effective, best models of care. He is instrumental in securing institutional mandates while also overseeing development funds, closed-ended unlisted funds and an open-ended unlisted retail fund – Centuria Healthcare Property Fund (CHPF).

In 2019, Centuria Capital Group acquired Heathley Limited to form Centuria Healthcare. Andrew was appointed Managing Director of Heathley in 2013 and continues in this role.

His career includes senior positions at investment houses including BNP Paribas, Merrill Lynch and Folkestone.

Andrew holds a Bachelor of Arts, majoring in commerce, and a Master of Business Administration majoring in accounting and finance from Macquarie University.



**Andrew Essey**

HEAD OF  
TRANSACTIONS

Andrew joined Centuria Capital Group in early 2013 and for the past six years, as Group Head of Transactions, has been responsible for originating and managing the Group’s property transactions, across all real estate sectors, totalling more than \$8 billion of direct deals on behalf of the Group and its funds.

Andrew is also a member of Centuria’s Senior Executive Committee and manages a team of 10 transaction specialists across Australia.

He has 15 years’ experience in the Australian property industry. Prior to his current role, Andrew was Centuria’s National Leasing Manager and a Fund Manager and prior to this, he worked in DTZ’s Sydney agency for six years.

Andrew holds a Bachelor of Business Administration from Radford University, Virginia, USA with a major in marketing and a minor in economics.



**André Bali**

HEAD OF  
DEVELOPMENT

Since 2007, André has overseen all Centuria’s project and property development functions, including development and debt funds.

He is responsible for both passive and active management of Centuria and Centuria Healthcare’s listed and unlisted portfolio including capital works, planning, strategic repositioning of assets to maximise returns, development and project management, joint ventures and partnerships and working closely with Centuria’s leasing, capital transactions and funds management teams to enhance value for Centuria’s investors.

André has more than 30 years experience in development and investment management across numerous sectors including office, health, residential, industrial and retail.

Currently he oversees c.\$2.1 billion worth of development projects throughout Australasia across industrial, healthcare, office, dementia care residences, social and affordable housing, hotel and residential projects (as at 31 December 2021).

Prior to Centuria, André founded and operated a specialised property consulting and advisory company. His experience also includes several senior positions in a number of property development companies.

André holds an Honours Degree in Applied Science from UNSW, Masters of Commerce (Land Economics) from UWS, Grad Cert of Finance from AGSM, AAPI, MAICD and held non-executive roles on several not for profit organisations including Habitat for Humanity.



**Victor Georos**

HEAD OF  
PORTFOLIO  
AND ASSET  
MANAGEMENT

Victor joined Centuria as Senior Portfolio Manager in April 2013 and was appointed Head of Portfolio and Asset Management in July 2015.

In his role he is responsible for overseeing portfolio and asset management of Centuria’s portfolio, including the development and implementation of strategies to enhance value through active asset management and development. Victor works closely with the Funds Management team and the Development team. In addition Victor manages the Centuria Property Fund’s Valuation program and is actively involved with the constant review of best practice policies and procedures.

Victor has extensive experience in asset and investment management, development and funds management, across the office, retail and industrial sectors, with a key focus on results and ability to build high performance teams across all sectors. Prior to joining Centuria Victor held senior positions with GPT Group and Lendlease, including Head of Industrial and Business Parks at GPT.

Victor holds a Bachelor of Land Economy and a Graduate Diploma of Finance and Investment (FINSIA) and is a graduate member of the Australian Institute of Company Directors (GAICD).



**Michael Blake**

HEAD OF  
CENTURIA LIFE

With more than three decades in the wealth management industry across blue chip Australian and multinational corporations, Michael Blake joined Centuria in 2016 and is responsible for investment bond products provided by Centuria Life.

He is chiefly responsible for Centuria Life’s P&L, strategic direction, funds under management growth, product development and directly reports to the Centuria Life Limited (CLL) Board.

Prior to his current position, Michael was pivotal in launching the unlisted Centuria Diversified Property Fund.

Michael joined Centuria after 12 years with a prominent international real estate investor and manager, where he secured several industry awards including Fund Manager of the Year and Direct Property and A-REIT of the Year. Prior to this, he held Senior Management roles for financial institutions across a 21 year period.

Michael holds a Bachelor of Financial Administration from the University of New England, a Diploma of Financial Planning from the Royal Melbourne Institute of Technology (RMIT), a Master of Business Administration from Macquarie University and is a graduate of the Australian Institute of Company Directors. Michael has held Board and Investment Committee positions in Australia and New Zealand.



# Senior executives



**Sara Stacey**

HEAD OF MARKETING

Sara is Head of Marketing, responsible for Centuria’s full end-to-end marketing strategy, planning and execution across the Group’s business entities and channels within Australia and New Zealand, which incorporates brand positioning, real estate capital fundraising campaigns and investment bond promotions.

Since joining the Group in 2019, Sara has been instrumental in supporting Centuria’s growth through the introduction of a new Corporate brand while integrating several merged businesses including Heathley Limited (now Centuria Healthcare), Bass Capital (now Centuria Bass Credit), Augusta Capital (now Centuria NZ) and most recently Primewest.

Sara brings more than 20 years global marketing experience to Centuria, with a strong financial markets background. Her career spans senior roles within prestigious international institutions including Pictet Asset Management, BlueBay Asset Management (now part of the Royal Bank of Canada) and State Street Global Advisors where she transferred to the Sydney office in 2015 as Head of Marketing – Australia.

Her successful career has been recognised with several marketing awards including MAX’s 2022 Agency Campaign of the Year (winner), MAX’s 2022 Video Campaign of the Year (finalist), the Financial Standard’s Marketer of the Year 2016, among others.

Sara studied a Chartered Institute of Marketing (CIM) accreditation from the London Metropolitan University and holds a Graphic Design Diploma (Merit) from Colchester Institute, UK.



**Alexandra Koolman**

GROUP COMMUNICATIONS MANAGER

Alexandra is Group Communications Manager, responsible for internal and external communications across Centuria’s c.\$20 billion listed and unlisted equity and debt funds, ESG initiatives, development projects and investment bonds.

She joined the Group in April 2020, bringing extensive domestic and international corporate communications and public relations experience across commercial, residential, build to rent and development real estate sectors.

Alexandra brings 20 years experience to Centuria, having held senior positions with Australian property developers and British real estate agencies, including Colliers International.

She holds a Bachelor of Business (Public Relations) degree from the Queensland University of Technology (QUT).

# Centuria’s people



ST LUCY’S VOLUNTEERING, MAY 2022



MELBOURNE MASTERCHEF, JULY 2022



CENTURIA BASS CITY2SURF, AUGUST 2022



MANILA TEAM VISIT, MAY 2022



CENTURIA NZ SENIOR TEAM





UNLISTED: 25 GRENFELL STREET, ADELAIDE SA

# Directors’ report

For the year ended 30 June 2022

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 2022 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

NAME	APPOINTED	DIRECTORSHIP OF OTHER LISTED COMPANIES	RESIGNED
Mr Garry S. Charny	23 Feb 2016	None	
Mr Peter J. Done	28 Nov 2007	Centuria Industrial REIT (CIP) <sup>1</sup> Centuria Office REIT (COF) <sup>2</sup>	
Mr John R. Slater	22 May 2013	None	
Ms Susan L. Wheeldon	31 Aug 2016	None	
Ms Kristie R. Brown	15 Feb 2021	None	
Mr John E. McBain	10 July 2006	None	
Mr Jason C. Huljich	28 Nov 2007	None	
Mr Nicholas R. Collishaw	27 Aug 2013	Centuria Industrial REIT (CIP) <sup>1</sup> Centuria Office REIT (COF) <sup>2</sup> Redcape Hotel Group (RDC) <sup>3</sup>	30 Aug 2021

1. Director of Centuria Property Funds No. 2 Limited (CPF2L) as responsible entity for Centuria Industrial REIT.  
2. Director of Centuria Property Funds Limited (CPFL) as responsible entity for Centuria Office REIT.  
3. Nicholas Collishaw resigned as Director from the Centuria Industrial REIT and Centuria Office REIT on 30 August 2021.



# Directors’ report

For the year ended 30 June 2022

### Mr Garry S. Charny, BA. LL.B.

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN

#### Experience and expertise

Garry was appointed to the Board on 23 February 2016 and appointed Chairman of Centuria Capital Group on 30 March 2016. Garry is also Chair of Centuria Life Limited, Over Fifty Guardian Friendly Society Limited and Centuria Healthcare Pty Ltd.

He is Managing Director and founding Principal of Wolseley Corporate, an Australian based corporate advisory and investment house which transacts both domestically and internationally.

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.

#### Other directorships

Wolseley Corporate (Chairman)  
Spotted Turquoise Films (Chairman)  
Shero Investments (Chairman)

#### Responsibilities

- Chair of the Centuria Capital Limited and Centuria Funds Management Limited Boards, Member of the Conflicts Committee
- Member of the Nomination and Remuneration Committee (stepped down as Chair on 22 February 2022)
- Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk and Compliance Committee (resigned 22 February 2022)
- Chair of the Centuria Life Limited Board
- Member of the Centuria Life Limited Audit Committee
- Member of the Centuria Life Limited Risk and Compliance Committee Chair of the Centuria Healthcare Pty Limited Board
- Chair of the Over Fifty Guardian Friendly Society Limited Board
- Member of the Over Fifty Guardian Friendly Society Limited Audit Committee
- Member of the Over Fifty Guardian Friendly Society Limited Risk and Compliance Committee Member of the Culture and ESG Committee

#### Interests in CNI

Ordinary stapled securities: 422,753

### Mr Peter J. Done, B.Comm, FCA.

INDEPENDENT NON-EXECUTIVE DIRECTOR

#### Experience and expertise

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.

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.

#### Other directorships

Centuria Industrial REIT  
Centuria Office REIT

#### Responsibilities

- Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards, Member of the Nomination and Remuneration Committee
- Chair of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk and Compliance Committee
- Member of the Centuria Life Limited Board
- Chair of the Centuria Life Limited Audit Committee
- Chair of the Centuria Life Limited Risk and Compliance Committee Member of the Centuria Life Limited Investment Committee
- Member of the Centuria Property Funds Limited Board
- Member of the Centuria Property Funds Limited Audit, Risk and Compliance Committee Member of the Centuria Property Funds No. 2 Limited Board
- Chair of the Centuria Property Funds No. 2 Limited Audit, Risk and Compliance Committee
- Member of the Over Fifty Guardian Friendly Society Limited Board
- Chair of the Over Fifty Guardian Friendly Society Limited Audit Committee
- Chair of the Over Fifty Guardian Friendly Society Limited Risk and Compliance Committee

#### Interests in CNI

Ordinary stapled securities: 1,506,182

### Mr John R. Slater, Dip.FS (FP), F Fin.

INDEPENDENT NON-EXECUTIVE DIRECTOR

#### Experience and expertise

John was appointed as a financial adviser to Centuria Life Limited in 2011 and as a member of its Board in 2013.

On 22 May 2013, he was appointed as a Director of Centuria Capital Limited. He also serves on the Nomination and Remuneration Committee.

John was previously a senior executive at KPMG Financial Services prior to establishing a financial advisory practice. Since the sale of that practice he has focused on consulting activities and his non-executive roles with Centuria.

John has deep experience in all financial market sectors, gained during his 35 year career. Over this time, he has been directly involved with investments and investment committees and sits on the Investment Committees of Centuria Life Limited and the Over Fifty Guardian Friendly Society Limited. John continues to be active in investment committee activities in other non-aligned financial groups.

#### Other directorships

None

#### Responsibilities

- Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards, Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination and Remuneration Committee
- Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk and Compliance Committee
- Member of the Centuria Life Limited Board
- Chair of the Centuria Life Limited Investment Committee
- Member of the Over Fifty Guardian Friendly Society Limited Investment Committee

#### Interests in CNI

Ordinary stapled securities: 3,110,677

### Ms Susan L. Wheeldon, MBA.

INDEPENDENT NON-EXECUTIVE DIRECTOR

#### Experience and expertise

Susan was appointed to the Board on 31 August 2016.

Currently Susan is Country Manager for Australia, New Zealand and Oceania at Airbnb. Previously, she served in a number of roles, including Head of Government and 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.

She has previous experience in retail property asset management at AMP Capital Shopping Centres, as Head of Brand and Retail, responsible for delivering alternative revenue from 38 retail assets across Australia and New Zealand with combined annual sales in excess of \$5 billion.

#### Other directorships

None

#### Responsibilities

- Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards, Member of the Centuria Capital Limited and Centuria Funds Management Limited Conflicts Committee (resigned 22 February 2022)
- Chair of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee
- Chair of the Centuria Capital Limited and Centuria Funds Management Limited Nomination and Remuneration Committee (appointed 22 February 2022)

#### Interests in CNI

Ordinary stapled securities: Nil



# Directors’ report

For the year ended 30 June 2022

**Ms Kristie R. Brown, B. Comm, B. Law (Hons)**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

### Experience and expertise

Kristie is an experienced real estate investment and legal professional who was appointed to the Centuria Board on 15 February 2021 as an Independent Non-Executive Director as well as a member of the Group’s Audit, Risk and Compliance Committee (ARCC) and the Conflicts Committee.

Kristie has a background in corporate law with over 17 years’ experience in funds management and M&A. She has practiced at Clayton Utz and Ashurst (then, Blake Dawson Waldron) and has considerable experience working with large corporations, fund managers, financial institutions, private equity and hedge fund operators, real estate investment trusts, developers and financiers.

Subsequent to her legal career, Kristie established a private investment business, Danube View Investments, which primarily operates in the Australian property sector.

Kristie is also a founding partner of investment firm, Couloir Capital, which was established in 2020 to invest its own capital in unique investment opportunities and to introduce such opportunities to like-minded family office and high net worth investors.

### Other directorships

Colour Capital

### Responsibilities

- Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards, Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk and Compliance Committee
- Member of the Centuria Capital Limited and Centuria Funds Management Limited Conflicts Committee

### Interests in CNI

Ordinary stapled securities: Nil

**Mr John E. McBain, Dip. Urban Valuation**  
EXECUTIVE DIRECTOR AND JOINT CHIEF EXECUTIVE OFFICER

### Experience and expertise

Joint CEO John McBain’s 42 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.

He is an Executive Director of Centuria Capital Limited, Centuria Life Limited, Centuria Healthcare Pty Limited and Primewest Management Limited and a Non-Executive Director of Centuria Bass Credit Limited. John is a Director of NZX-listed Asset Plus Limited (NZX:APL) and an alternate Director of Centuria Funds Management NZ Limited and Centuria NZ Industrial Fund Limited. He also serves on the Centuria NZ and Centuria Healthcare Management committees and the Centuria Life Investment Committee.

John and Jason Huljich founded Centuria Capital together over 25 years ago and the group now oversees more than \$20 billion of assets under management including four separate publicly listed vehicles and over 400 staff throughout Australia, New Zealand and the Philippines.

John is chiefly responsible for Centuria’s corporate team including acquisitions and mergers. His responsibilities include strategy as well as leadership of the Finance, Governance, Compliance, 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 Non-Financial Risk Committee and the ESG Management Committee.

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 (now Centuria NZ) (2020) and Primewest Group (2021).

This strategy, together with a highly successful asset acquisition and funds management program overseen by fellow CEO Jason Huljich, has seen significant growth culminating in Centuria Capital Limited entering the S&P ASX 200 Index in July 2021.

John has a property valuation qualification from the University of Auckland.

### Other directorships

Asset Plus Limited

### Responsibilities

Group Joint Chief Executive Officer

### Interests in CNI

Ordinary stapled securities: 7,700,782  
Performance rights granted: 2,367,445

**Mr Jason C. Huljich, B. Comm.**  
EXECUTIVE DIRECTOR AND JOINT CHIEF EXECUTIVE OFFICER

### Experience and expertise

Joint CEO Jason’s 26 year real estate career spans the commercial and industrial real estate sectors. Jason is an Executive Director of Centuria Capital Group, Centuria Life Limited, Centuria Healthcare Pty Limited, Centuria Healthcare Asset Management Limited and Primewest Management Limited, as well as a director of Centuria Funds Management (NZ) Ltd and Centuria NZ Industrial Fund Limited and a Non-Executive Director of Centuria Bass Credit Limited.

Jason is Joint CEO alongside John McBain, collectively overseeing more than \$20 billion of assets under management and managing over 400 staff throughout Australia, New Zealand, and the Philippines.

Jason is chiefly responsible for the Group’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.

Since Centuria was established, Jason has been pivotal in raising over \$5 billion for the listed and unlisted vehicles.

## 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 AND COMPLIANCE COMMITTEE MEETINGS		NOMINATION AND REMUNERATION COMMITTEE MEETINGS		CONFLICTS COMMITTEE MEETINGS		CULTURE AND ESG COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B	A	B
Mr Garry S. Charny	25	25	3	4	4	4	16	16	4	4
Mr Peter J. Done	25	25	6	6	4	4	#	#	#	#
Mr John R. Slater	23	25	5	6	4	4	#	#	#	#
Ms Susan L. Wheeldon	22	25	#	#	2	2	11	12	4	4
Ms Kristie R. Brown	25	25	2	2	#	#	4	4	#	#
Mr John E. McBain	24	25	#	#	#	#	#	#	#	#
Mr Jason C. Huljich	25	25	#	#	#	#	#	#	4	4
Mr Nicholas R. Collishaw	5	5	#	#	#	#	#	#	#	#

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

He has been central to positioning Centuria as Australia’s fourth largest external property funds manager. CNI and CIP are included in the S&P/ASX 200 Index. COF is included in the S&P/ASX 300 Index. CIP and COF are part of the FTSE EPRA Nareit Global Index.

Jason has a hands-on approach to the real estate operations throughout the Group’s platform. The Transactions, Development, Funds Management, Distribution and Asset Management teams all report directly to him.

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 (PFA) 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.

### Other directorships

None

### Special responsibilities

Group Joint Chief Executive Officer

### Interests in CNI

Ordinary stapled securities: 6,258,581  
Performance rights granted: 2,367,445



# Directors' report

For the year ended 30 June 2022

## 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 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 \$1,415,301,000 reflecting stapled securities issued at completion of the takeover of Primewest Group Limited (Primewest) during the year, vesting of rights under the Executive Incentive Plan and participation in the Dividend Reinvestment Plan (DRP). Details of changes in contributed equity are disclosed in Note C11 to the consolidated financial statements.
- On 1 December 2021, the Group acquired a 50% holding in Centuria Agriculture Fund I (formerly Centuria Agriculture REIT III), which holds the Warragul agriculture asset purchased for \$177.0m. The Fund is consolidated as at 30 June 2022.
- On 16 December 2021, the Group entered into a three year \$100,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.25% which is due to mature on 16 December 2024.
- On 31 March 2022, the Group acquired 13 Healthcare properties from Heritage Lifecare for NZ\$98,700,000. The properties were funded in combination from free cash and a secured asset facility. On 19 April 2022, the Group acquired 25 Healthcare properties from Heritage Lifecare which was onsold to Centuria New Zealand Healthcare Property Fund (CNZHPPF) on 20 April 2022. As at 30 June 2022, the Group has a loan receivable of \$70,044,755 with CNZHPPF.
- In March 2022, the Fund issued a \$70,000,000 three year senior secured medium term note (MTN) with a fixed coupon of 5.46% which is due to mature on 25 March 2025.
- In April 2022, the Group issued a \$30,000,000 three year senior secured medium term note (MTN) with a floating coupon of 3.70% which is due to mature on 25 March 2025.
- On 30 June 2022, the Group entered into a five year \$50,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.45% which is due to mature on 30 June 2027.

## OPERATING AND FINANCIAL REVIEW

The Group recorded a consolidated statutory net loss for the year of \$37,361,000 (2021: profit of \$149,639,000). Statutory net (loss)/profit after tax 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 \$114,509,000 (2021: \$70,211,000). 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.

RECONCILIATION OF STATUTORY PROFIT TO OPERATING PROFIT	2022 \$'000	2021 \$'000
Statutory (loss)/profit after tax	(37,361)	149,639
Statutory (loss)/earnings per security (EPS) (cents)	(4.8)	24.6
LESS NON-OPERATING ITEMS:		
Unrealised loss/(gain) on fair value of investments and derivatives	167,087	(79,843)
Transaction and other costs	4,395	4,503
Seed capital write back	(750)	-
Profit attributable to controlled property funds	(13,861)	(12,456)
Eliminations between the operating and non-operating segment	4,710	6,681
Share of equity accounted net loss/(profit) in excess of distributions received	3,083	175
Write-off of capitalised borrowing costs in relation to repayment of secured notes	-	2,349
Tax impact of above non-operating adjustments	(12,793)	(837)
Operating profit after tax	114,510	70,211
Operating EPS (cents)	14.5	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
	2022	2021			
Property funds management	78,785	44,558	34,227	77	(a)
Co-investments	28,863	26,066	2,797	11	(b)
Developments	4,526	3,419	1,107	32	(c)
Property and development finance	2,912	286	2,626	918	(d)
Investment bonds management	3,412	547	2,865	524	(e)
Corporate	(3,988)	(4,665)			
Operating profit after tax	114,510	70,211			

A detailed Segment Profit and Loss as well as a detailed Segment Balance Sheet are outlined in Notes B1 and C1, respectively. Operational highlights for the key segments were as follows:

### (A) Property funds management

For the year ended 30 June 2022, property funds management operating NPAT of \$78,785,000 was higher than the prior year ending 30 June 2021 by \$34,227,000 primarily due to the impact of acquisitions in the first half of the financial year and full year impact of the acquisition of Primewest Group Limited.

The increase in AUM was primarily attributable to approximately \$3.1 billion in organic acquisitions including \$2.1 billion in unlisted real estate across healthcare and agriculture and \$1.0 billion in listed real estate primarily in the industrial sector in CIP.

For the year ended 30 June 2022, excluding the after tax impact of performance fees, the Property Funds Management segment NPAT increased by \$23,698,000 or 74% reflecting the growth in AUM from the acquisition of Primewest at the end of FY21.



# Directors' report

For the year ended 30 June 2022

## (B) Co-investments

For the year ended 30 June 2022, the co-investments segment operating NPAT increased by \$2,787,000. This was primarily due to additional units acquired during the year in COF and CIP, as well as \$1,272,000 of rental income from Heritage Lifecare Centres.

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 2022, the developments segment operating net profit after tax was \$4,526,000, an increase of \$1,107,000 from the year ended 30 June 2021. The increase is primarily due to development management fees from growth in development pipeline.

## (D) Property and development finance

For the year ended 30 June 2022, the property and development finance segment's operating NPAT was \$2,912,000. This increase from last year represents the full year impact of the Group's acquisition of 50% interest in Centuria Bass, a real estate debt fund provider. The Centuria Bass operating NPAT has increased by 66% compared to FY21 due to significant expansion in funds under management.

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 2022, the investment bonds management segment's operating NPAT increased by \$2,865,000 primarily due to an increase in investment management services, one-off recovery of prior year fee and cost savings associated with the unitisation of legacy capital guaranteed products.

## EARNINGS PER SECURITY (EPS)

	2022 OPERATING	2022 STATUTORY <sup>(i)</sup>	2021 OPERATING	2021 STATUTORY
Basic EPS (cents/security)	14.5	(4.8)	12.0	24.6
Diluted EPS (cents/security)	14.3	(4.8)	11.9	24.2

(i) As the Group is in a statutory loss, the Diluted EPS is equal to Basic EPS.

## DIVIDENDS AND DISTRIBUTIONS

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

	CENTS PER SECURITY	TOTAL AMOUNT \$'000	DATE PAID
<b>DIVIDENDS/DISTRIBUTIONS PAID DURING THE YEAR</b>			
Final 2021 dividend (100% franked)	2.10	12,605	30 Jul 2021
Final 2021 trust distribution	3.40	20,408	30 Jul 2021
Interim 2022 dividend (100% franked)	1.20	9,482	9 Feb 2022
Interim 2022 trust distribution	4.30	33,977	9 Feb 2022
<b>DIVIDENDS/DISTRIBUTIONS DECLARED DURING THE YEAR</b>			
Final 2022 dividend (100% franked)	0.90	7,114	11 Aug 2022
Final 2022 trust distribution	4.60	36,363	11 Aug 2022

## EVENTS SUBSEQUENT TO THE REPORTING DATE

From 30 June 2022 to 9 August 2022, the fair value gain on investments in listed funds is \$16,470,000, with the share price in CIP moving from \$2.81 to \$2.99 and the share price in COF moving from \$1.70 to \$1.68.

In July 2022, \$9,468,967 of units were redeemed in Centuria 111 St Georges Terrace Fund bringing the Group's ownership to 30%. As a result, the Group has deconsolidated this fund post year end.

In July 2022, a new Centuria Agriculture Fund (CAF) was established and the put/call option in relation to remaining 50% interest in the Warragul asset was exercised with external investor equity from new investors entering into CAF. Subsequently, the Group's existing 50% ownership reduced to 38%. As a result, the Group has deconsolidated this fund post year end.

Other than the above, there has not arisen in the interval between 30 June 2022 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 AUDITORS

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.



# Directors’ report

For the year ended 30 June 2022

## NON-AUDIT SERVICES

During the financial year, the Group’s auditor KPMG, 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 F3 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 and 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 99.

## 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.



Susan Wheeldon

INDEPENDENT NON-EXECUTIVE  
DIRECTOR

## NOMINATION AND 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 2022.

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 are a key source of our competitive advantage as a leading Australasian funds manager in the S&P/ASX 200 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 to remuneration outcomes.

Each year, the Board reviews the Group’s executive remuneration practices to ensure they remain appropriately aligned to our short and longer term strategic objectives, and that we have appropriately considered external factors and the views expressed by our stakeholders and their advisors. Throughout the year we sought feedback from our investors and various stakeholder groups and continued to find opportunities to improve transparency of our remuneration practices, in order to provide greater clarity around how the Board reviews and sets executive remuneration. As further discussed below, the key elements of the FY22 executive remuneration structure remain consistent with the prior year, which the Board believes remains fit for purpose and supports our primary objective to drive long term performance for our securityholders. More details of this can be found on page 71 of the remuneration report.

### Executive remuneration

In FY22, management have been successful in delivering growth in earnings as well as executing the Company’s strategy of diversifying its portfolio and delivering accelerated growth in AUM. In spite of these achievements, as part of the FY22 remuneration review and in light of the current market conditions, the Nomination and Remuneration Committee has not proposed an increase in fixed remuneration for the Joint CEOs or the Chief Financial Officer for FY23, with the fixed remuneration rate retained at their FY22 amount. We have also retained the adjustments to the performance hurdles for executives’ variable awards first introduced in FY21, ensuring we remain aligned with our comparator peers, whilst continuing to align with investors’ interests. For the long term incentives (LTI), a combination of relative and absolute total securityholder return (TSR) hurdles assessed against A-REIT peers in the S&P/ASX 200 have been retained as the most appropriate performance hurdles, aligning executives’ interests with securityholder outcomes and providing a direct comparison of Centuria’s performance against our peers. The LTI proposed for the FY22-25 period will also continue to vest over years three and four.

The short term incentive (STI) hurdles have been set to ensure the awards are not only demonstrably tied to financial performance, but also ensure an ongoing annual focus on imperative business and operational issues that will drive long term securityholder value and create the type of company we are all striving towards. More details can be found on page 81 of the remuneration report.

### Non-executive director (NED) remuneration

The NED fee structure which was first introduced in FY21 has been retained for FY22. The fee structure covers the Board and Board committee roles across the Group (including CNI and other operating entities) and was adopted to improve the transparency of fees paid to directors across what is a complex group with ever increasing governance standards. Further more, the fee schedule has been benchmarked against A-REIT peers in the S&P/ASX 200 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 on across the Group. More details of the fee structure can be found on page 89 of the remuneration report.



# Directors' report

For the year ended 30 June 2022

The fees have been designed to be comparable to our peers in order to attract and retain the highest quality talent to the Board. Expanding the breadth and depth of Board membership across the Group continues to be a key priority of the current Board and will underpin our drive towards optimal independence and diversity in all its forms. It has been especially pleasing to note the continuing trend of female representation across all Board memberships, including Non-Executive Directors which increased from 33% to 40% during the course of the financial year.

For the current year we have also expanded remuneration disclosures with respect to fees paid to each Centuria Capital Limited NED. As outlined on pages 94 to 97 of the remuneration report, these enhanced disclosures now disaggregate the total fees paid to each NED across the various boards and sub committees which they serve on. The new disclosures further enhance the transparency and link between the benchmarked schedule of fees and the aggregate remuneration paid to each serving NED.

### FY22 performance and remuneration outcomes

Despite volatile market conditions and uncertainty brought about by recent global events, we are pleased to report that FY22 has been another record year for Centuria's operating performance, with the business delivering growth as well as meeting its operating EPS and distribution guidance.

The twin strategy of growing assets under management combined with the continued diversification of our portfolio across multiple sectors, has delivered stability and ensured the continued growth in our recurring revenue base. This has been delivered despite the recent volatility in listed capital markets, threats from rising inflation and interest rates as well as geopolitical tensions impacting supply chains. In that sense, the continued growth and stability in operating performance delivered for FY22, is a culmination of ongoing efforts by Senior Management over recent years to develop a stable operating platform and sustainable earnings for our securityholders.

In addition to growth in operating earnings, it is also pleasing to note the continued growth in the Centuria AUM with the platform executing more than \$3 billion in acquisitions and divestments in FY22, crystalising acquisition and disposal fees, embedded performance fees and at the same time, further enhancing the future revenue generating potential of the business. It is important to note that the continued diversification of the business into emerging asset sectors including healthcare, agriculture and real estate debt together with its geographic diversification will allow the business to leverage earnings and unlock new sources of capital and investors in the future.

Volatility in markets like those currently experienced by our listed platforms are neither unexpected nor surprising. The challenge is the way the business and its management will respond to these events which, for Centuria, translates to remaining agile and taking advantage of its deep management expertise to unlock future opportunities. Centuria remains well placed to take advantage of these opportunities with the business securing funding in excess of \$300 million, earmarked to support future acquisitions as well as refocusing its efforts towards developing and accessing new sources of capital.

It has been with this background that the Nomination and Remuneration Committee has assessed the annual performance of Senior Management against their FY22 STI objectives. It has been especially pleasing to note the way Senior Management and the business have responded to the various challenges and satisfactorily met or exceeded their financial performance hurdles, resulting in 100% award of the financial component of their FY22 STI. Details of the targets and the overperformance achieved by Senior Management against each target, including the rationale for the adoption of each of the financial performance metrics have been set out on page 82 of the Remuneration Report.

Whilst traditional financial measures in assessing the performance of our senior executive team will remain the cornerstone of our assessment criteria, the continuing growth in the size, scale and the geographical dispersion of Centuria's operations and its people have necessitated an increasing focus on non-financial metrics. The integration of newly acquired platforms, including Augusta in New Zealand, Primewest in Western Australia and the Centuria Bass Capital business in Sydney have elevated the importance of non-financial metrics such as staff engagement, non-financial risk management as well as our sustainability accountabilities. I am proud to observe the Group's enduring commitment to improving the environmental and social outcomes across our operations, as a key driver of our business and to create a positive impact to the communities and markets in which we operate.

The performance of our executive key management personnel against these non-financial metrics have been detailed on pages 83 to 84 of the remuneration report, with the team exceeding targets across all three metrics, resulting in the award of 100% of the non-financial component of the FY22 STI. The superior staff engagement survey score of 84%, measured independently by Culture Amp has been especially pleasing for the Committee and a highlight given the significant increase in size and geographical dispersion of our people across Australia, New Zealand and the Philippines.

With the LTI remaining a key remuneration component to align the long term interests of Centuria's investors with its senior executives, it is important to note the negative impact of declining global equity markets on Tranche 7 of LTIs, covering the 1 July 2019 to 30 June 2022 performance period. For FY22, Centuria's one year TSR was -32% with the three year TSR being 16.9%. This has resulted in 0% of the absolute TSR component of the Tranche 7 LTI awards vesting in FY22.

Whilst it is difficult to imagine a combination of short term strategies within Senior Management's control which could have avoided or produced a different TSR outcome, it is important to note the continued growth in AUM from \$6.2 billion in FY19 to \$20.6 billion by the end of FY22. With this increase representing a compound annual growth rate in AUM of 49.0% over the three year performance period, 100% of the AUM component of the Tranche 7 LTI awards vested in FY22.

This report has been approved by the Board and is intended to be informative and digestible whilst complying with our statutory reporting obligations. The Board continues to place a high priority on having meaningful dialogue with our securityholders and other stakeholders regarding our remuneration policies, in order to understand their perspectives and concerns, as well as to remain abreast of local and global market best practices.

We appreciate your ongoing support and we look forward to engaging with you again in FY23.

Yours sincerely,



**Susan L. Wheeldon**

CHAIR OF THE NOMINATION AND REMUNERATION COMMITTEE



LISTED: 1 ASHBURN ROAD, BUNDAMBA QLD



# Directors’ report

For the year ended 30 June 2022

## AUDITED REMUNERATION REPORT

The Board are pleased to present the remuneration report for the period ending 30 June 2022.

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 Senior Management for the year ended 30 June 2022.

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
NON-EXECUTIVE DIRECTORS		
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 L. Wheeldon	Independent Non-Executive Director	Full term
Ms Kristie Brown	Independent Non-Executive Director	Full term
EXECUTIVE DIRECTORS		
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
EXECUTIVES		
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 the Nomination and Remuneration Committee which operates under the delegated authority of the Board of Directors. A summary of the Nomination and 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 Senior Management's remuneration and the application of incentive programs; and
- an annual review of the structure and application of the short term and long term incentive schemes and policies for executives and staff.

- Additionally, the function of the Committee in respect of Board, Joint CEOs and Senior Executive performance include:
- evaluating the performance of the Board, including Committees and individual Directors;
  - assessing the performance of the Joint CEOs 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 and Remuneration Committee
- Ms Susan L. Wheeldon (Non-Executive Director and Committee Chair from 22 February 2022);
  - Mr Garry S. Charny (Non-Executive Director, Chairman of Centuria Capital Limited and Committee Chair until 22 February 2022);
  - Mr John R. Slater (Non-Executive Director); and
  - Mr Peter J. Done (Non-Executive Director).

The Committee is tasked by the Board to advise it in relation to remuneration outcomes and it may obtain external professional advice and secure the attendance of advisors with relevant experience if it considers this necessary. There were no remuneration recommendations made by external advisors during the year in relation to FY22 remuneration.

## Remuneration policy and link to performance

### Group structure

Centuria Capital Group is an ASX-listed specialist investment manager with a 26 year track record of delivering a range of products and services to investors, advisers and securityholders. Our business is centered around property funds management and investment bonds, with the following key areas of focus:

- Centuria Property Funds which specialises in listed property funds (A-REITs) and unlisted property funds including;
  - listed REITs, Centuria Office REIT (COF) and Centuria Industrial REIT (CIP) (Australia);
  - listed property fund Asset Plus Limited (NZ);
- Centuria Diversified Property Fund;
- Centuria Agriculture Fund;
- Centuria Healthcare Property Fund;
- Centuria New Zealand Industrial Fund;
- Centuria New Zealand Property Fund;
- Centuria New Zealand Healthcare Property Fund;
- 120 closed-ended unlisted property funds in Australia and New Zealand;
- Centuria Bass (50% interest in real estate credit supplier); and
- Centuria LifeGoals Investment Bonds.



# Directors' report

For the year ended 30 June 2022

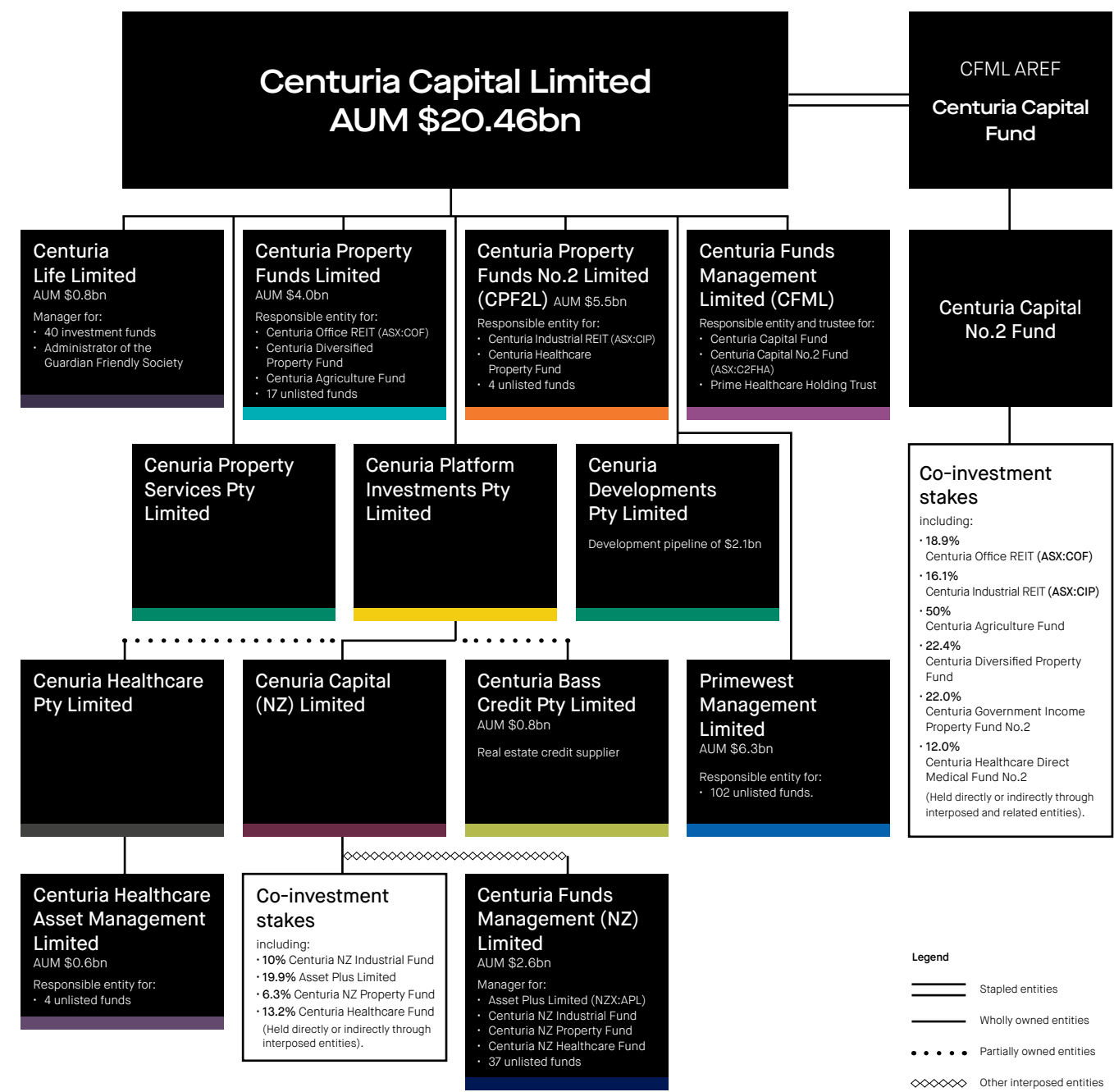
The Group encompasses a portfolio of wholesale and retail funds, a healthcare business with related wholesale and retail funds, and a New Zealand business with listed and unlisted funds. It is noted that the listed REITs are not staffed and responsibility for these are managed by the executive team and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

The combined market capitalisation of the listed headstock (Centuria Capital Group) and its two listed REITs, CIP and COF, is over approximately \$4.3 billion as at 30 June 2022.

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 represented in our Joint CEO structure as well as the new Directors' Fees Schedule, which are discussed further in pages 73 and 90 of this report, respectively.

### Abridged Group structure

The below structure only outlines the key operating and management entities of the Centuria Capital Group (note: this is not a full list of controlled entities and associates).



### 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 unique yet complementary skill sets, which allows them to focus on different areas in the management of the complexities of the business given the Group's overall structure. Mr Huljich has primary oversight of funds management, distribution and property services and Mr McBain has primary oversight of corporate functions (corporate strategy, M&A, finance, treasury, legal, marketing, communications and investor relations) and the Life business; and
- the Board recognises the significant importance that a strong succession plan has on any business. The Joint CEOs have worked seamlessly together for 26 years. By creating the Joint CEO role for Mr Huljich in 2019, the Board believes it has moved to ensure investors can have confidence in the future direction of the Group and that, with Joint CEOs, the business has two strong leaders, collaborating to optimise investor value in a tried and tested 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 real estate funds management industry and their experience and achievements gained from working together over a period of 26 years at Centuria. Given the complementary 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 secondary key executive resources which many other A-REIT peers require, such as a Chief Investment Officer and/or Chief Operating Officer.

Through the Joint CEO structure, the Group is able to minimise the size of the senior executive group to be leaner, less costly and nimbler than its peers, which the Board believes is a significant competitive advantage and in the long term interests of securityholders. As part of its benchmarking process, the Board believes the reduced senior executive group in association with the Joint CEO structure is a significant cost saving practice for the Group in comparison to its peers.

The Nomination and 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 securityholder outcomes within the context of the Group's continued growth compared to A-REIT peers' performance and total executive team costs.

The FY22 fixed remuneration amount for the Joint CEOs was \$1,552,500. The Committee considered a number of factors in setting this amount:

- recognition of the Joint CEOs' strong execution of the Group's growth strategy and continued strong financial performance under their leadership, including a substantial 98% growth in AUM over FY21 and inclusion in the S&P/ASX 200 Index; and
- the Joint CEOs' response to the COVID-19 pandemic, where they voluntarily took a six month 15% reduction to their FY21 fixed remuneration and displayed outstanding performance in positioning the Group to rebound quickly from the initial impact of the pandemic.

As part of the FY22 remuneration review, the Nomination and Remuneration Committee has not proposed an increase in fixed remuneration for the Joint CEOs for FY23, which will remain at the FY22 amount above. The unchanged fixed remuneration has been recommended despite management delivering:

- another record year for Centuria's operating performance, with the business delivering growth as well as meeting its Operating EPS and Distribution guidance;
- continued growth in the Centuria AUM with the platform executing more than \$3 billion in acquisitions and divestments in FY22;
- the twin strategy of growing assets under management, combined with the continued diversification of our portfolio across multiple sectors, despite recent market volatilities;
- continued diversification of the business into emerging asset sectors including healthcare, agriculture and real estate debt allowing the business to leverage its geographic diversification and unlock new sources of capital and investors in the future; and
- increasing focus on non-financial metrics such as staff engagement, non-financial risk management as well as environmental, social and governance outcomes.



Directors’ report

For the year ended 30 June 2022

Remuneration of Senior Management

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 our remuneration principles outlined in the table below.

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.

Remuneration structure

The table below outlines the Group’s remuneration principles, the components of Senior Management’s remuneration and the underpinning rationale for each element of the remuneration structure. The Nomination and Remuneration Committee ensures the criteria used to assess and reward staff includes financial and non-financial measures of performance.

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

OUR REMUNERATION PRINCIPLES		
DELIVERING VALUE FOR SECURITYHOLDERS IN THE MOST EFFICIENT MANNER	DRIVE AN OWNERSHIP MENTALITY	ATTRACT, MOTIVATE AND RETAIN TALENT
The Joint CEO structure optimises the size of the senior executive group in relation to its peers to make it leaner and more agile than our peers.	Including senior staff in the LTI equity plan to provide a sense of ownership and alignment, as well as distributing securities to all non-LTI staff.	Ensuring competitive, at-risk rewards are provided to attract and retain the best executive talent.

TYPE OF REMUNERATION	TOTAL EXECUTIVE REMUNERATION		
	FIXED	AT-RISK	
	REMUNERATION	SHORT TERM INCENTIVE	LONG TERM INCENTIVE
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>

TYPE OF REMUNERATION	TOTAL EXECUTIVE REMUNERATION		
	FIXED	AT-RISK	
	REMUNERATION	SHORT TERM INCENTIVE	LONG TERM INCENTIVE
How is it set?	Fixed remuneration is set with reference to market competitive rates in comparison to ASX-listed A-REITs 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 FY22 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 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 years three and four).
Opportunity		Joint CEOs <ul style="list-style-type: none"><li>125% of fixed remuneration at maximum</li></ul> CFO <ul style="list-style-type: none"><li>100% of fixed remuneration at maximum</li></ul>	Joint CEOs <ul style="list-style-type: none"><li>125% of fixed remuneration at maximum</li></ul> CFO <ul style="list-style-type: none"><li>100% of fixed remuneration at maximum</li></ul>



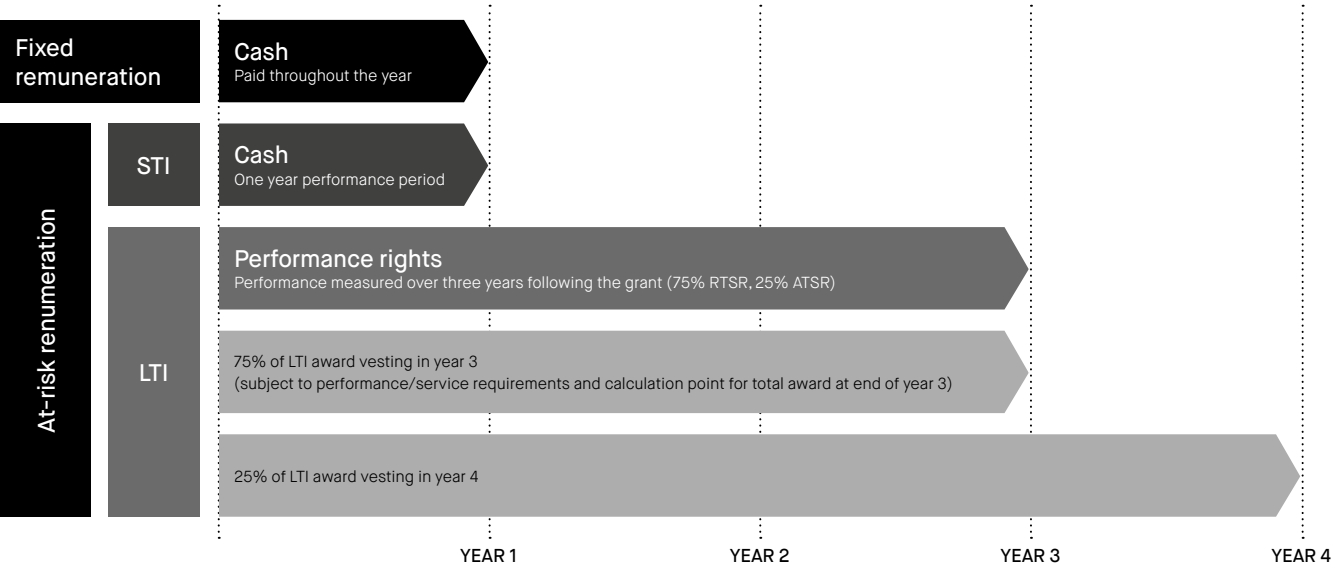
# Directors' report

For the year ended 30 June 2022

### Delivery of FY22 executive remuneration components

The diagram below outlines the payment/delivery timing of each element of executive remuneration.

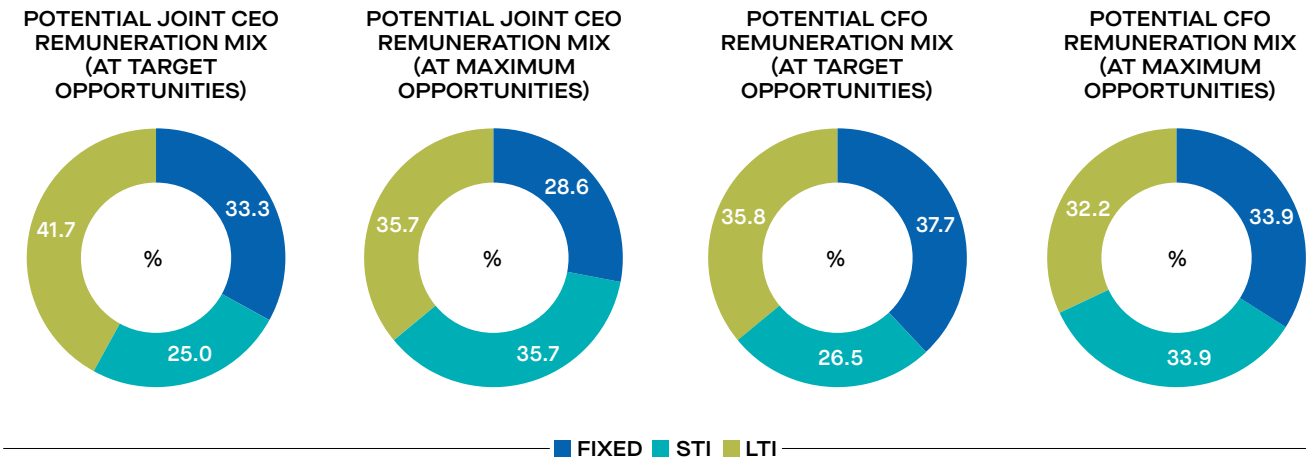
#### When are the key FY22 remuneration components earned and received?



### Remuneration mix

Remuneration packages include a mix of fixed and variable remuneration and short and long term performance based incentives. The graphs below detail the approximate fixed and variable components for Senior Management.

The proportion of fixed and variable remuneration for the CFO is established by the Joint CEOs and the Nomination and Remuneration Committee and then approved by the Board.



### Remuneration benchmarking

The Committee believes it is critical to understand the relevant market for key executive talent in order to ensure the Group's remuneration strategy and frameworks support the guiding principle which is to attract, motivate and retain capable individuals with exceptional talent, expertise, experience and relationships.

The Committee regularly reviews the composition of the benchmarking of peer groups to ensure they continue to represent appropriate reference points for establishing total remuneration for the Group's executives. In general, the Committee considers companies with similarities to the Group on one or more of the following characteristics:

- industry or comparable lines of business;
- operate in multiple geographies;
- number of employees;
- revenue or FUM; and
- market capitalisation on the ASX (using the combined market capitalisation for CNI, CIP and COF of approximately \$4.3 billion as at 30 June 2022, for benchmarking purposes).

The Committee reviews benchmarking data for a broad set of ASX-listed A-REIT peers that exhibit the above characteristics, however, it considers the following ASX-listed entities to be the most comparable peers for the Group and represent our main source of competition for executive talent:

- 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); and
- Vicinity Centres (ASX:VCX).

Whilst benchmarking data is used as one input into remuneration decisions, the Committee also considers various fundamental factors including:

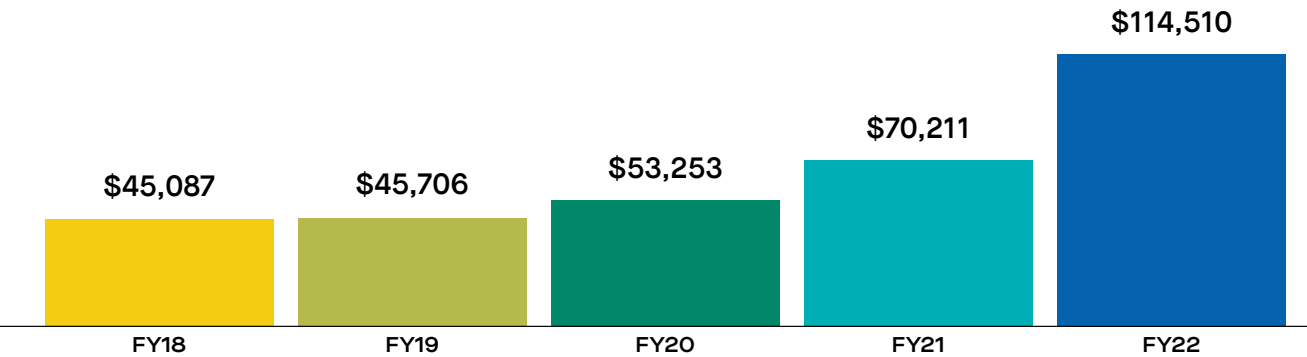
- the size and complexity of the role, including geographical reach including offshore responsibilities;
- the criticality of the role to successful execution of the Group's business strategy;
- skills and experience of the individual;
- period of service;
- scarcity of talent;
- surrounding market conditions and sentiment; and
- the Group's growth trajectory.

### 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.

#### FIVE YEAR OPERATING FINANCIAL PERFORMANCE





# Directors' report

For the year ended 30 June 2022

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

FIVE YEAR SUMMARY	30 JUNE 2022	30 JUNE 2021	30 JUNE 2020	30 JUNE 2019	30 JUNE 2018
Operating profit after tax (\$'000)	114,510	70,211	53,253	45,706	45,087
Statutory profit after tax attributable to Centuria Capital Group securityholders (\$'000)	(37,852)	143,456	21,105	50,795	54,765
Share price at start of year	\$2.78	\$1.79	\$1.77	\$1.40	\$1.23
Share price at end of year	\$1.81	\$2.78	\$1.79	\$1.77	\$1.40
Interim dividend	5.5cps	4.5cps	4.5cps	4.25cps	4.1cps
Final dividend	5.5cps	5.5cps	5.2cps	5.0cps	4.1cps
Special non-cash dividend	-	-	-	7.8cps	-
Statutory basic earnings per Centuria Capital Group security	(4.8)cps	24.6cps	4.7cps	14.2cps	19.8cps
Operating basic earnings per Centuria Capital Group security	14.5cps	12.0cps	12.0cps	12.7cps	16.3cps
Joint CEO STI outcome (% of maximum)	100%	100%	93%	N/A	N/A
Joint CEO LTI outcome (% of vesting of grant)	25%	100%	100%	100%	100%
CFO STI outcome (% of maximum)	100%	90%	93%	N/A	N/A
CFO LTI outcome (% of vesting of grant)	25%	100%	100%	100%	100%

### Total securityholder return (TSR)

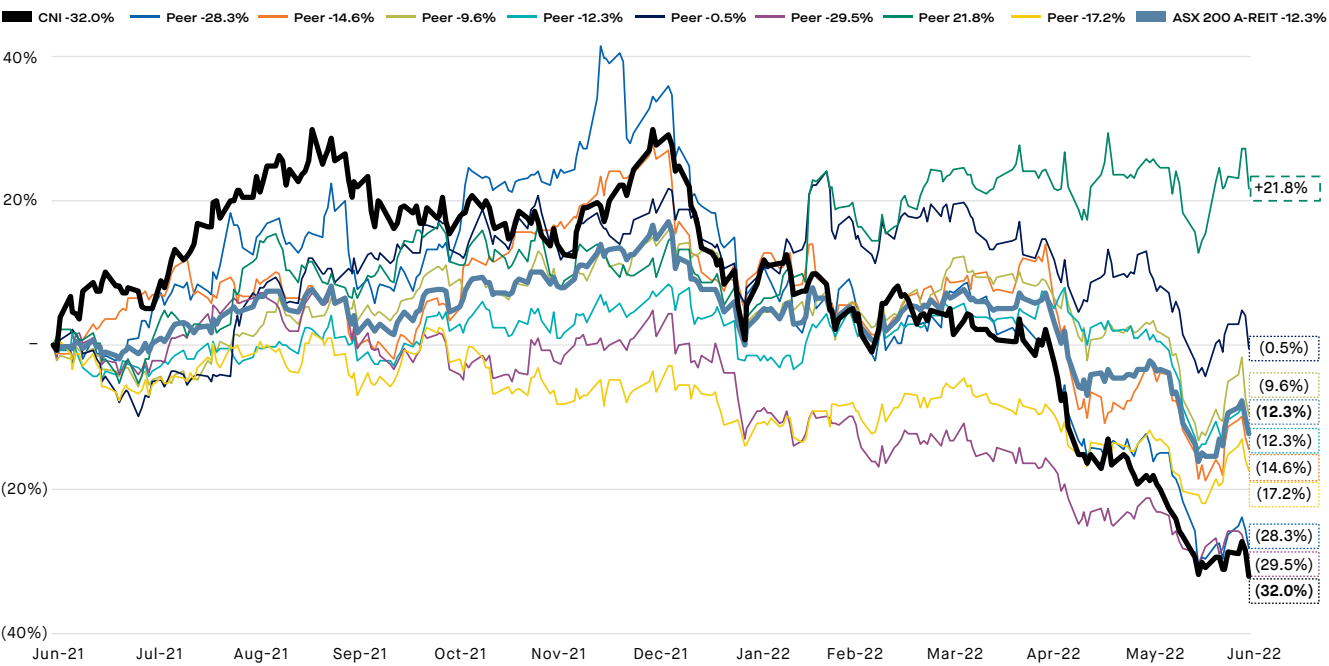
Following the major acquisition of the Primewest business in 2021, on 16 July 2021, Centuria Capital joined the S&P/ASX 200 Index ranked #154 and this ranking is currently circa #155 - #165 taking into account the post-transaction free float market capitalisation.

Due to the factors set out on page 77 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);
- Dexus (ASX:DXS);
- GPT Group (ASX:GPT);
- Scentre Group (ASX:SCG); and
- Vicinity Centres (ASX:VCX).

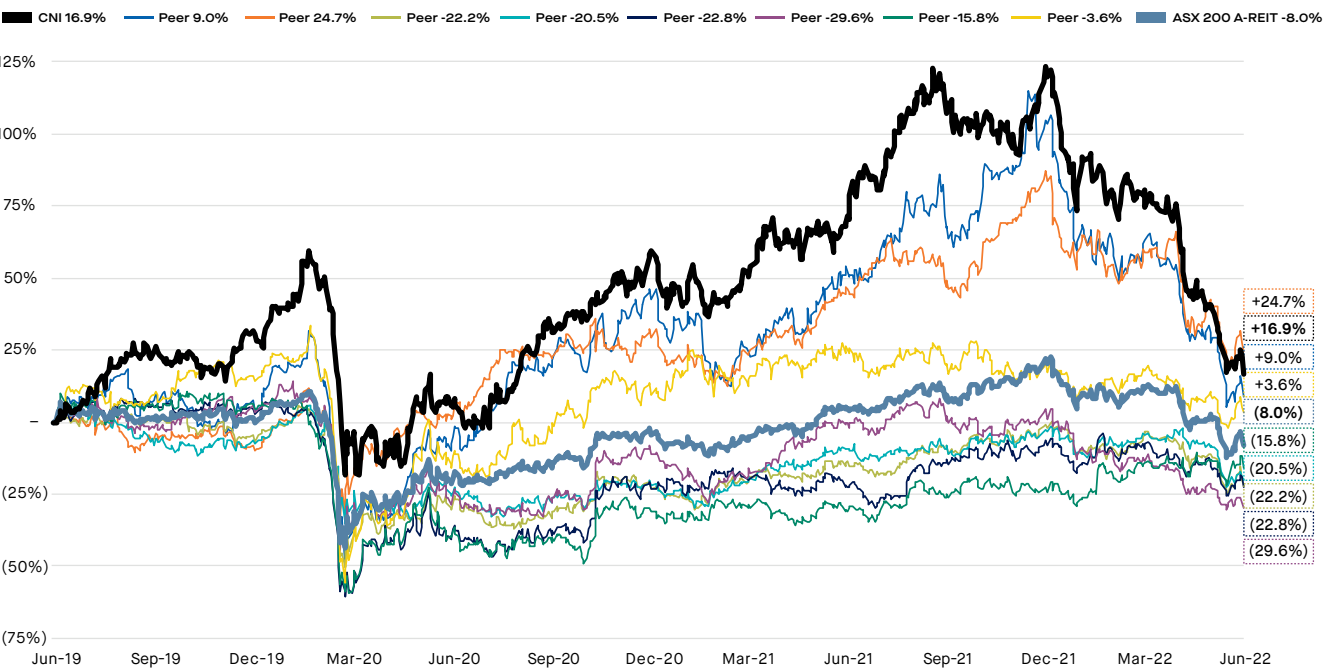
The graphs and table below highlight Centuria’s performance against the nominated A-REIT peers, the broader S&P/ASX 200 Index and the S&P 200 A-REIT Index.

### 12 MONTH TOTAL SHAREHOLDER RETURN - 30 JUNE 2021 TO 30 JUNE 2022



Source: TSR data from FactSet and IRESS.  
Note: TSR calculated from closing price 30 June 2021 (as the last trading day in the period) to closing price 30 June 2022. TSR data includes reinvested distributions and represents total return, not an annualised figure.

### THREE YEAR TOTAL SHAREHOLDER RETURN - 28 JUNE 2019 TO 30 JUNE 2022



Source: TSR data from FactSet and IRESS.  
Note: TSR calculated from closing price 28 June 2019 (as the last trading day in the period) to closing price 30 June 2022. TSR data includes reinvested distributions and represents total return, not an annualised figure.



# Directors’ report

For the year ended 30 June 2022

## Total shareholder return

	3 YEAR RETURN 28 JUN 19 TO 30 JUN 22	1H22 30 JUN 21 TO 31 DEC 21	2H22 31 DEC 21 TO 30 JUN 22	FY22 30 JUN 21 TO 30 JUN 22
NOMINATED PEERS				
Centuria Capital Group	16.9%	27.8%	(46.8%)	(32.0%)
Peer	24.7%	25.9%	(32.1%)	(14.6%)
Peer	9.0%	33.9%	(46.4%)	(28.3%)
Peer	3.6%	(6.5%)	(11.5%)	(17.2%)
Peer	(15.8%)	9.4%	11.3%	21.8%
Peer	(20.5%)	6.8%	(17.9%)	(12.3%)
Peer	(22.2%)	13.7%	(20.6%)	(9.6%)
Peer	(22.8%)	18.5%	(16.0%)	(0.5%)
Peer	(29.6%)	1.3%	(30.4%)	(29.5%)
INDICES				
S&P/ASX 200	10.4%	3.8%	(9.9%)	(6.5%)
S&P/ASX 200/A-REIT	(8.0%)	14.7%	(23.5%)	(12.3%)

Source: TSR data from FactSet and IRESS.  
Notes: TSR data includes reinvested distributions and represents total return, not an annualised figure.  
TSR is calculated from the closing price of the last trading day in the prior period to capture share price return from the first day of the relevant period.

A major focus for FY22 was continuing the Group’s dual strategy of growing AUM and ongoing diversification of our portfolio across multiple sectors. During FY22 Group AUM grew 18.4% to \$20.6 billion. However, like many of our peers and the broader S&P/ASX 200 Index, our share price has been negatively impacted by the deteriorating global equity markets over the past year, against a backdrop of geopolitical and economic uncertainty on a global scale.

For FY22, Centuria’s one year absolute TSR was -32% with the three year absolute TSR being 16.9%. Despite Centuria's relative TSR performance compared to the majority of its peers, Tranche 7 LTI awards were based on annual absolute TSR metrics, unlike the majority of its peers, resulting in nil vesting.

However, it should be noted that our three year TSR is measurably higher than seven of our eight nominated peers, as well as the broader S&P/ASX 200 Index and the S&P 200 A-REIT Index. 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; and
- a recognition that the culture that exists within the group is tangible and promotes a productive, diverse and rewarding working atmosphere where employees strive to outperform.

Notwithstanding our one year TSR outcome, which has been impacted by external market factors outside executives’ control, it is important to reiterate the substantial compound annual growth rate in AUM of 49.0% achieved over the same three year period. This clearly demonstrates the ability of our high performing management team – led by our highly complementary and experienced Joint CEOs – to execute the Group’s growth strategy over an extended period.

## 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 the CFO, this is reviewed annually by the Joint CEOs and the Nomination and 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 and Remuneration Committee when reviewing the fixed remuneration of the Joint CEOs.

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

### FY22 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 and conditions	Financial measures (60%)  Non-financial measures (40%)	<ul style="list-style-type: none"><li>Growth in assets under management (AUM)</li><li>Operating earnings per share (EPS) growth</li><li>Equity flow growth</li><li>Staff engagement</li><li>Non-financial risk management</li><li>Environmental, social and governance (ESG)</li></ul>
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 e.g. 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 and 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 FY22.	
What happens when an executive ceases employment?	Joint CEOs  CFO	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.  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	



# Directors’ report

For the year ended 30 June 2022

## FY22 performance measures and objectives

### FY22 STI scorecard

PERFORMANCE HURDLE	WEIGHTING	RATIONALE FOR USE	TARGET CRITERIA	OUTCOMES
FINANCIAL METRICS				
Growth in AUM	30%	Increasing AUM is fundamental to the Group’s growth strategy	<ul style="list-style-type: none"><li>Target = \$19.5 billion, resulting in 100% of the award vesting.</li><li>Outperformance target = \$20.38 billion, resulting in 125% granting of the award.</li></ul>	<p>For FY22, the Company’s total AUM is \$20.6 billion as at 30 June 2022, representing a growth of approximately 18.4% from the prior reporting period (FY21: \$17.4 billion).</p> <p>This achievement was above outperformance target.</p>
Operating EPS	15%	Ensures continued focus on growing and managing the profitability of the business as a key driver of sustainable securityholder returns	<ul style="list-style-type: none"><li>Original target = guidance</li><li>Outperformance target = FY21 of 12.0cps +15%, resulting in 125% granting of award</li></ul>	<p>For FY22, the original operating EPS guidance was 13.2cps and upgraded to 14.5 cps. Current forecast FY22 OEPS is 14.5cps. This achievement was above outperformance target.</p>
Equity flow growth	15%	Provides alignment to the Group’s growth strategy	<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 35%. Equity flows relate to equity raised from public sources for property funds.</p> <p>This achievement was above outperformance target.</p>

PERFORMANCE HURDLE	WEIGHTING	RATIONALE FOR USE	TARGET CRITERIA	OUTCOMES
NON-FINANCIAL METRICS				
Staff engagement*	15%	A motivated and engaged workforce will drive positive business	<p>The company conducts annual company-wide surveys with employees.</p> <ul style="list-style-type: none"><li>Results from these surveys are calculated into a score, with vesting occurring at these achievement points:</li><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>a new staff engagement survey platform has been instigated allowing for national and global benchmarking;</li><li>we have used an external consultant to review and assess the initial survey which indicated overall staff engagement score of 84%, outperforming the real estate industry benchmarks by 8% and overall Australian businesses by 12%; and</li><li>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.</li></ul>
Non-financial risk management	10%	It is critical for our Senior Management to establish and foster a culture of risk awareness and mitigation across the organisation	<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 key management personnel (KMP);</li><li>regular and accurate formal Board reporting; and</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 e.g. 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. The Board assessed the outcomes of the Non-Financial Risk Committee as meeting target, resulting in 100% of the award being achieved.</p>



# Directors’ report

For the year ended 30 June 2022

PERFORMANCE HURDLE	WEIGHTING	RATIONALE FOR USE	TARGET CRITERIA	OUTCOMES
ESG	15%	Provides alignment to the areas of focus under our sustainability framework	The ESG metric is assessed against key achievements in the implementation of the Company's ESG strategy, including: <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>	Management has executed the following steps in relation to ESG during FY22; <ul style="list-style-type: none"><li>integration of climate risk as part of the assessment of acquisitions and the investment process;</li><li>delivery of the Company's second Sustainability Report to coincide with the holding of the 2022 AGM; and</li><li>improved gender diversity across the Group achieving targeted 40% female/60% male. The Board assessed the outcomes of the above actions as meeting target, resulting in 100% of the award being achieved.</li></ul>

\*Employee engagement is measured as a score through a new annual company-wide survey conducted independently by "Culture Amp" who reported directly to the CNI Board.

In addition to the scorecard above, the Board took into consideration the following non-financial achievements made in FY22 in determining the final outcome of the FY22 STI awards:

- during FY22 CNI was included in the S&P/ASX 200 for the first time in its history;
- the target Group operating performance was achieved despite a backdrop of significant market volatility;
- during FY22 having completed the acquisition of Primewest, the Group successfully integrated its operations;
- a new comprehensive Employee Engagement Survey was deployed across the Group using Culture Amp, with the results exceeding real estate industry benchmarks by 8% and the rest of Australian business benchmarks by 12%;
- further diversified the Group's representation across the various property sectors by establishing its first dedicated Agricultural Fund;
- expanded the Group's Healthcare portfolio through the Healthcare Joint Venture with Morgan Stanley;
- during FY22 Centuria continued to increase its commitment to Sustainability and ESG outcomes following the appointment of a General Manager - Sustainability and its commitment to provide a second Sustainability Report prior to the 2022 AGM;
- the Group achieved further improvements on its weighted NABERS rating to 4.96 stars (4.83 at June 2021);
- successfully responded to several environmental catastrophes including floods across the Eastern seaboard protecting the safety and interests of tenants and investors;
- increased stakeholder and investor engagement;
- strengthened and expanded sources of listed and unlisted capital sources; and
- despite headwinds impacting certain asset sectors, non financial property services metrics, including average tenant retention, portfolio occupancy and square metres of leasing deals completed, all exceeded prior year benchmarks.

## 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 2022.

EXECUTIVE	FINANCIAL				NON-FINANCIAL			
	STI ON MAXIMUM OPPORTUNITY	WEIGHTING	ACHIEVED	FORFEITED	WEIGHTING	ACHIEVED	FORFEITED	STI AWARDED
John McBain (Joint CEO)	\$1,940,625	60%	100%	0%	40%	100%	0%	\$1,940,625
Jason Huljich (Joint CEO)	\$1,940,625	60%	100%	0%	40%	100%	0%	\$1,940,625
Simon Holt (CFO)	\$786,500	60%	100%	0%	40%	100%	0%	\$786,500

## 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).

## LTI structure

LTI PLAN STRUCTURE		
Performance period	Three years performance with 75% of any LTI award vesting in Year 3 with the remaining 25% vesting in Year 4	
Opportunity	<ul style="list-style-type: none"><li>Joint CEOs</li><li>CFO</li></ul>	<ul style="list-style-type: none"><li>125% of total fixed remuneration at maximum</li><li>95% of total fixed remuneration at maximum</li></ul>
Instrument	<p>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 days immediately preceding 1 July of the grant year (being the date of the commencement of the performance period).</p> <p>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.</p>	



# Directors’ report

For the year ended 30 June 2022

## LTI PLAN STRUCTURE

Performance metrics	Relative total securityholder return (RTSR) (75%)	RTSR (compounded) when ranked to the comparator group of S&P/ASX 200 A-REIT accumulation index stocks over the performance period <ul style="list-style-type: none"><li>Exceeds the comparator group 75th percentile</li><li>More than the comparator group 50th percentile and less than 75th percentile</li><li>Equal to the comparator group 50th percentile</li><li>Less than the comparator group 50th percentile</li></ul>	Performance Rights subject to RTSR Hurdle that vest <ul style="list-style-type: none"><li>100%</li><li>Between 50% to 100% progressive pro-rata vesting (i.e. on a straight-line basis)</li><li>50%</li><li>0%</li></ul>
	Absolute total securityholder return (ATSR) (25%)	Annual ATSR achieved over the performance period <ul style="list-style-type: none"><li>15% or greater</li><li>Between 10% and 15%</li><li>10%</li><li>Less than 10%</li></ul>	Performance Rights subject to ATSR Hurdle that vest <ul style="list-style-type: none"><li>100%</li><li>Between 25% to 100% progressive pro-rata vesting (i.e. on a straight line basis)</li><li>25%</li><li>0%</li></ul>

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 A-REIT accumulation index). ATSR provides an absolute measure of growth in the Group’s security price.
	<p>The ATSR target is determined with reference to the following factors which can impact future performance:</p> <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>effective financial market views on asset values e.g. 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> <p>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 counterbalance RTSR outcomes which may vest when overall market conditions are down.</p>

What happens when an executive ceases employment?	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.
	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.
	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.

## LTI PLAN STRUCTURE

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 the discretionary power 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 LTI Plan as below:

TRANCHE	GRANT DATE (JOINT CEOS)	GRANT DATE (OTHER PARTICIPANTS)	PERFORMANCE PERIOD
7	18 October 2019	18 October 2019	1 July 2019 to 30 June 2022
8	26 November 2020	13 November 2020	1 July 2020 to 30 June 2023
9	3 December 2021	12 August 2021	1 July 2021 to 30 June 2024

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
7	Mr John E. McBain	187,500	1 July 2019 – 30 June 2022	FUM growth hurdle	AUM growth was 49% resulting in 100% vesting	187,500	\$1.87
		562,500				-	-
	Mr Jason C. Huljich	187,500		Absolute TSR growth hurdle	Absolute TSR was 6.25%, resulting in 0% vesting	187,500	\$1.87
		562,500				-	-
8	Mr John E. McBain	69,514	1 July 2020 – 30 June 2023	Relative TSR growth hurdle <sup>(i)</sup>	N/A	69,514	\$1.87
		208,542				-	-
	Mr Jason C. Huljich	682,278		Absolute TSR growth hurdle <sup>(ii)</sup>	N/A	-	-
		227,426				-	-
9	Mr Simon W. Holt	274,630				-	-
		91,543				-	-



# Directors’ report

For the year ended 30 June 2022

TRANCHE	KMP	NO. OF RIGHTS GRANTED	PERFORMANCE PERIOD	VESTING CONDITIONS	ACHIEVEMENT OF CONDITIONS	NO. OF RIGHTS VESTING	VALUE
9	Mr John E. McBain	530,086	1 July 2021 – 30 June 2024	Relative TSR growth hurdle <sup>(iii)</sup>	N/A	-	-
		176,935				-	-
	Mr Jason C. Huljich	530,086				-	-
		176,935		Absolute TSR growth hurdle <sup>(iv)</sup>	N/A	-	-
	Mr Simon W. Holt	204,370				-	-
		68,123				-	-

(i): The Tranche 8 relative TSR fair value is \$1.75 for Joint CEOs and \$1.58 for CFO.  
(ii): The Tranche 8 absolute TSR fair value is \$1.29 for Joint CEOs and \$1.10 for CFO.  
(iii): The Tranche 9 relative TSR fair values are \$1.92 (three year vesting) and \$1.85 (four year vesting) for Joint CEOs and \$2.05 (three year vesting) and \$1.98 (four year vesting) for CFO.  
(iv): The Tranche 9 absolute TSR fair value are \$1.18 (three year vesting) and \$1.16 (four year vesting) for Joint CEOs and \$1.23 (three year vesting) and \$1.19 (four year vesting) for CFO.

## Key terms of employment contracts

### Joint Chief Executive Officers

Mr John E. McBain, was appointed as CEO of the Group in April 2008. Mr Jason C. Huljich, was appointed as Joint CEO 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 their 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 their employment contract at any time without notice if serious misconduct has occurred. When termination with cause occurs, the Joint CEOs are only entitled to remuneration up to the date of termination.

The Nomination and 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).

## Statutory remuneration table to KMP

The following table discloses total remuneration of Executive Directors and Senior Management in accordance with the Corporations Act 2001:

	YEAR	SALARIES INCLUDING SUPERANNUATION (\$)*	SHORT TERM INCENTIVE (\$)	LONG SERVICE LEAVE (\$)	SHARE-BASED PAYMENTS (\$)	\$
EXECUTIVE KMP						
Mr John E. McBain	2022	1,552,500	1,940,625	90,109	1,175,247	4,758,481
	2021	1,265,626	1,687,50	83,748	858,689	3,895,563
Mr Jason C. Huljich	2022	1,552,500	1,940,625	29,356	1,175,247	4,697,728
	2021	1,261,372	1,940,625	1,403	840,072	4,043,472
Mr Simon W. Holt	2022	786,500	786,500	18,702	445,780	2,037,482
	2021	677,760	643,500	59,642	311,886	1,692,788
Total	2022	3,891,500	4,667,750	138,167	2,796,274	11,493,691
	2021	3,204,758	4,271,625	144,793	2,010,647	9,631,823

\*The amount includes superannuation of \$23,568 (FY21: \$21,694) for each executive KMP which is the maximum annual employer contribution cap.

## 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;
- reflects the risk and responsibility accepted by the Non-Executive Directors and their commercial expertise; 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 chair of each board committee. The payment of the additional fees to each chair 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 72, 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 has specific requirements and obligations. In recognition of the complexity of the Group and in the interests of good governance and transparency, the Group has adopted a directors’ fee schedule which is disclosed in the table below.

The fee schedule covers the board and board committee roles across the headstock and other operating entities which the Centuria directors are appointed to. 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 particular entity on behalf of its stakeholders, to whom directors are accountable.



# Directors’ report

For the year ended 30 June 2022

In determining the fee schedule, the Non-Executive Director fees were benchmarked against the same peer group of S&P/ ASX 200 A-REIT 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.

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

DIRECTOR FEES' SCHEDULE CENTURIA CAPITAL LIMITED		
Board	Chair	\$335,000
	Member	\$110,000
Audit, Risk and Compliance Committee	Chair	\$20,000
	Member	\$10,000
Conflicts Committee	Chair	\$50,000
	Member	\$15,000
Nomination and Remuneration Committee	Chair	\$20,000
	Member	\$10,000
Culture, People and ESG Committee	Chair	\$20,000
	Member	\$10,000
CENTURIA LIFE LIMITED		
Board	Chair	\$90,000
	Member	\$30,000
Audit Committee	Chair <sup>(ii)</sup>	-
	Member	\$10,000
Risk and Compliance Committee	Chair <sup>(ii)</sup>	-
	Member <sup>(ii)</sup>	-
Investment Committee	Chair	\$70,000
	Member <sup>(ii)</sup>	-
CENTURIA PROPERTY FUNDS LIMITED		
Board	Chair	\$110,000
	Member <sup>(i)</sup>	\$30,000/\$55,000
Audit, Risk Management and Compliance Committee	Chair	\$15,000
	Member	\$10,000
CENTURIA PROPERTY FUNDS NO. 2 LIMITED		
Board	Chair	\$115,000
	Member <sup>(i)</sup>	\$30,000/\$55,000
Audit, Risk Management and Compliance Committee	Chair <sup>(ii)</sup>	-
	Member	\$10,000
CENTURIA HEALTHCARE PTY LTD		
Board	Chair	\$70,000
	Member	\$35,000
CENTURIA HEALTHCARE ASSET MANAGEMENT LTD		
Board	Chair	\$50,000
	Member	\$30,000

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 \$55,000.  
Note (ii): The chair/member of the committee is a director on the Centuria Capital Limited Board and does not receive an additional fee.

Following a review of the Non-Executive Directors’ fees during FY22, from 1 July 2022, the Non-Executive Directors’ fees for each of the boards and committees increased by 4%. The review of Non-Executive Director remuneration involved market analysis of remuneration practices for comparable ASX-listed A-REIT peers. This increase was approved after considering the market data and the changes in workload and accountabilities of NEDs as the Group has continued to grow its AUM and diversify its portfolio over the past year.

## Details of boards and board committees

### Centuria Capital Limited

The Board of Centuria Capital Limited sets the strategic direction and objectives of the Centuria Group. Through its regular monthly board meetings, as well as the many transaction specific meetings, it oversees the performance of the executive management team in delivering against the strategic goals across the entire operations of the Group.

The Board of Centuria Capital Limited and the Board of Centuria Funds Management Limited, as the responsibility entity of the Centuria Capital Fund, oversee and govern the complex stapled CCG structure (ASX:CNI). Where appropriate, meetings take place concurrently for maximum efficiency.

Sub-committees chaired by independent Non-Executive Directors and established by the Centuria Capital Limited Board provide a forum for greater oversight of the governance requirements of the organisation.

### Centuria Funds Management Limited

The Centuria Funds Management Limited Board concurrently with the Centuria Capital Limited Board and as the responsible entity of the stapled Centuria Capital Fund, provides oversight over management decision making, particularly in relation to the various co-investment stakes. This includes associated capital raisings and borrowings through facilities and note issuances in the market. Centuria Funds Management Limited holds an Australian Financial Services Licence that enables it to provide a wide range of financial products and investment advisory services as well as being the trustee of the Centuria Capital No. 2 Fund which is the issuer of listed redeemable debt notes (ASX:C2FHA).

Centuria Capital Fund is a fund that has each of its units stapled to Centuria Capital Limited shares, with the two securities traded alongside each other as a single instrument (CNI). The Centuria Capital Fund holds various strategic co-investment stakes primarily in listed and unlisted funds managed by Centuria. CCF through its subsidiaries is also the vehicle through which the group:

- undertakes both long term and short term investment decisions;
- supports the establishment of new funds through the provision of initial seed capital;
- provides underwriting support as and when required;
- undertakes equity raisings; and
- raises finance through various external facilities and the issuance of both listed and unlisted notes.

### Centuria Life Limited

Centuria Life Limited is an APRA regulated entity and is the vehicle through which the Centuria Capital Group issues and offers its full suite of investment bond products in addition to providing investment management and administration services to Over Fifty Guardian Friendly Society Limited (Guardian). Guardian has in excess of \$800 million in assets under management. With the great majority of the products offered by the business having daily unit pricing, it requires the application of strict governance and compliance systems and processes to meet regulatory requirements in addition to the continuous monitoring of Board and APRA mandated capital adequacy requirements.

### Centuria Healthcare Pty Limited

Centuria Capital Group owns 64% of Centuria Healthcare Pty Limited, formerly Heathley Healthcare. Through its various subsidiaries, including Centuria Healthcare Asset Management Limited, the responsible entity for a number of unlisted healthcare registered schemes this company provides extensive property, funds management and development management services across a range of established healthcare assets and development opportunities. The Centuria Capital Group currently has a majority interest in Centuria Healthcare Pty Limited, with a put and call option exercisable in 2024 to acquire the remaining stake in the healthcare business. In the meantime, Centuria Capital Group has day to day control over the operating and financial decisions of the business and the Board meets on a monthly basis to set the strategic direction of Centuria’s healthcare business.



# Directors’ report

For the year ended 30 June 2022

### Centuria Property Funds Limited

Centuria Property Funds Limited (CPFL) is the responsible entity of the ASX-listed Centuria Office REIT (ASX:COF) and the responsible entity of the open-ended Centuria Diversified Property Fund and 19 closed-ended registered schemes with over \$4.0 billion total assets under management. CPFL is also regulated by ASIC to provide custodian services to various property funds. The Board must ensure that CPFL continually meets its obligations as an Australian Financial Services Licence holder including capital adequacy, minimum net tangible asset, liquidity and cashflow testing requirements.

### Centuria Property Funds No. 2 Limited

Centuria Property Funds No. 2 Limited (CPF2L) is the responsible entity of the ASX-listed Centuria Industrial Fund (ASX:CIP) and the responsible entity of the open-ended Centuria Healthcare Property Fund and four closed-ended registered schemes with over \$5.5 billion total assets under management. CPF2L is also regulated by ASIC to provide custodian services to various property funds. The Board must ensure that CPF2L continually meets its obligations as an Australian Financial Services Licence holder including capital adequacy, minimum net tangible asset, liquidity and cashflow testing requirements.

### Audit, Risk and Compliance Committee

The CNI Board has an established Audit, Risk and Compliance Committee to assist in relation to audit, risk management and compliance oversight responsibilities, ensuring the integrity of the Group’s financial reporting and compliance with statutory and regulatory obligations mandated by ASIC and prudential requirements governed by APRA. The Committee meets on a quarterly basis and is also accountable for assessing the effectiveness of the Group’s risk management policy and ensuring there is a continuous process for the management of significant risks throughout the Group.

### Conflicts Committee

Identifying and addressing all matters involving conflicts of interest, whether actual or perceived is the cornerstone of good corporate governance. The Board of Centuria Capital Group has established a Conflicts Committee to review and assess specific arrangements proposed to manage conflicts as and when they arise. The Committee has an independent Chair, Professor Simon Rice AO, and its members are all independent Non-Executive Directors from within the Group. Meetings take place whenever required to provide the Board of the relevant Centuria entity with guidance on whether the measures proposed, if properly implemented, are adequate to manage the conflict. Amongst its A-REIT peers in the S&P/ASX 200, Centuria is the only company to have such a committee.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee is tasked with ensuring that the Boards of the various Centuria Group entities comprise of members with the appropriate mix of skills, tenure, experience, training and diversity to provide the right balance of stewardship and oversight on behalf of its stakeholders. The Committee is also tasked with providing appropriate governance and monitoring of the Group’s remuneration policies, adherence to codes of conduct as well as advice with respect to the appropriate quantum and structure of remuneration for Senior Management and staff. The aim of the Nomination and Remuneration Committee is to ensure the appropriate balance of risk and rewards for people whilst ensuring appropriate stewardship of the Group’s resources on behalf of its stakeholders.

### Culture and ESG Committee

The Culture and ESG Committee was established by the Board as a result of the Board’s recognition of the importance of ESG to the long term sustainability of the Company and the increasing relevance to Centuria’s investors as the Company grows. The committee is chaired by Susan L. Wheeldon, Board member of CNI. The Board also recognised the Company’s responsibility to the community in which it operates and as such, established the Committee to assist the Board in fulfilling its oversight responsibilities and to make recommendations on matters pertaining to culture, the environment, social and governance.

### Investment committees

Centuria Capital Group has various investment committees to oversee the relevant entity’s investment and portfolio management practices to ensure they are in line with the risk and return requirements of its investors, as well as ensuring that investment decisions are made in accordance with the appropriate regulatory requirements. The Centuria Life and Over Fifty Guardian Friendly Society Investment Committees in particular monitor fund rules and target achieving the long term strategic objectives of investors.

### Non-executive director – statutory remuneration table

The below table outlines total fees paid to NEDs for 2021 and 2022. All the fees below include superannuation and since 1 June 2021 reflect the rates outlined in the benchmarked director fee schedule on page 90.

NON-EXECUTIVE KMP	YEAR	TOTAL FEES <sup>(i)</sup> \$
Mr Garry S. Charny	2022	495,000
	2021	337,810
Ms Kristie R. Brown	2022	125,312
Note (ii)	2021	38,846
Mr Peter J. Done	2022	230,000
	2021	197,348
Mr John R. Slater	2022	230,000
	2021	159,919
Ms Susan L. Wheeldon	2022	146,771
	2021	106,793
Mr Nicholas R. Collishaw	2022	52,727
Note (iii)	2021	200,888
Total	2022	1,279,810
	2021	1,041,604

Note (i): Board and committee fees are paid as cash and are inclusive of superannuation contributions which are paid in accordance with the applicable superannuation legislation. Non-executive directors are not entitled to retirement benefits other than superannuation.

Total fees for each Non-executive director disclosed in the table above include superannuation contributions as follows:

- Mr Garry S. Charny \$29,932 (2021: \$28,043)
- Ms Kristie R. Brown \$11,392 (2021: \$3,370)
- Mr Peter J. Done \$10,455 (2021: \$6,997)
- Mr John R. Slater \$20,909 (2021: \$13,874)
- Ms Susan L. Wheeldon \$13,343 (2021: \$9,265)
- Mr Nicholas R. Collishaw \$4,242 (2021: \$17,429)

Note (ii): Ms Kristie R. Brown was appointed a member of the Centuria Capital Board on 15 February 2021.

Note (iii): Mr Nicholas R. Collishaw resigned from the Board on 30 August 2021.

The below presentation shows how fees paid to each NED aligns with their roles in various subsidiary boards and committees as per the fee schedule on page 90. This new fee structure and schedule was effective from 1 June 2021. The 2021 fees in the tables below therefore only represent the fees for one month. The 2021 full year fees paid to NEDs are outlined in the table presented above.



# Directors' report

For the year ended 30 June 2022

## MR GARRY S. CHARNY

	YEAR	MEETINGS HELD DURING FY22	BOARD	AUDIT, RISK AND COMPLIANCE COMMITTEE	CONFLICTS COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	CULTURE AND ESG COMMITTEE	INVESTMENT COMMITTEE	TOTAL \$
<b>Centuria Capital Limited</b>	<b>2022 12 months</b>	<b>25</b>	<b>335,000</b>	<b>-</b>	<b>0#</b>	<b>0#</b>	<b>0#</b>	<b>-</b>	<b>335,000</b>
	2021 1 month (new fee structure)**		27,917	0#	0#	0#	-	-	27,917
<b>Centuria Life Limited</b>	<b>2022 12 months</b>	<b>13</b>	<b>90,000</b>	<b>0#</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,000</b>
	2021 1 month (new fee structure)**		7,500	0#	-	-	-	-	7,500
<b>Centuria Healthcare Pty Ltd<sup>(i)</sup></b>	<b>2022 12 months</b>	<b>14</b>	<b>70,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,000</b>
	2021 1 month (new fee structure)**		5,833	-	-	-	-	-	5,833
<b>Total</b>	<b>2022 12 months</b>	<b>52</b>	<b>495,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>495,000</b>
	2021 1 month (new fee structure)**		41,250	-	-	-	-	-	41,250

Note (i): The meetings held during the year includes the meetings held by the Centuria Healthcare Pty Ltd Board sub-committee.

\*\* The new fee structure and schedule outlined on page 90 was effective from 1 June 2021. The 2021 fees in this table therefore only represent the fees for one month. The 2021 full year fees paid to NEDs are outlined in the table presented on page 93.

# NED is chair/member of this committee, however receives no additional fee for their role on the committee.

## MS KRISTIE R. BROWN

	YEAR	MEETINGS HELD DURING FY22	BOARD	AUDIT, RISK AND COMPLIANCE COMMITTEE	CONFLICTS COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	CULTURE AND ESG COMMITTEE	INVESTMENT COMMITTEE	TOTAL \$
<b>Centuria Capital Limited<sup>(i)</sup></b>	<b>2022 12 months</b>	<b>25</b>	<b>110,000</b>	<b>10,000</b>	<b>5,132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,132</b>
	2021 1 month (new fee structure)**		9,167	833	-	-	-	-	10,000
<b>Total</b>	<b>2022 12 months</b>	<b>52</b>	<b>110,000</b>	<b>10,000</b>	<b>5,132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,132</b>
	2021 1 month (new fee structure)**		9,167	833	-	-	-	-	10,000

Note (i): Ms Kristie Brown was appointed a member of the Centuria Capital Board on 15 February 2021.

\*\* The new fee structure and schedule outlined on page 90 was effective from 1 June 2021. The 2021 fees in this table therefore only represent the fees for one month. The 2021 full year fees paid to NEDs are outlined in the table presented on page 93.

## MR PETER J. DONE

	YEAR	MEETINGS HELD DURING FY22	BOARD	AUDIT, RISK AND COMPLIANCE COMMITTEE	CONFLICTS COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	CULTURE AND ESG COMMITTEE	INVESTMENT COMMITTEE	TOTAL \$
<b>Centuria Capital Limited</b>	<b>2022 12 months</b>	<b>25</b>	<b>110,000</b>	<b>20,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>140,000</b>
	2021 1 month (new fee structure)**		9,167	1,667	-	833	-	-	11,667
<b>Centuria Life Limited</b>	<b>2022 12 months</b>	<b>13</b>	<b>30,000</b>	<b>0#</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>
	2021 1 month (new fee structure)**		2,500	0#	-	-	-	-	2,500
<b>Centuria Property Funds Limited</b>	<b>2022 12 months</b>	<b>27</b>	<b>30,000</b>	<b>0#</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>
	2021 1 month (new fee structure)**		2,500	0#	-	-	-	-	2,500
<b>Centuria Property Funds No. 2 Limited</b>	<b>2022 12 months</b>	<b>28</b>	<b>30,000</b>	<b>0#</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>
	2021 1 month (new fee structure)**		200,000	0#	-	-	-	-	2,500
<b>Total</b>	<b>2022 12 months</b>	<b>93</b>	<b>495,000</b>	<b>20,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>230,000</b>
	2021 1 month (new fee structure)**		16,667	1,667	-	833	-	-	19,167

\*\* The new fee structure and schedule outlined on page 90 was effective from 1 June 2021. The 2021 fees in this table therefore only represent the fees for one month. The 2021 full year fees paid to NEDs are outlined in the table presented on page 93.

# NED is chair/member of this committee, however receives no additional fee for their role on the committee.



# Directors' report

For the year ended 30 June 2022

## MR JOHN R. SLATER

	YEAR	MEETINGS HELD DURING FY22	BOARD	AUDIT, RISK AND COMPLIANCE COMMITTEE	CONFLICTS COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	CULTURE AND ESG COMMITTEE	INVESTMENT COMMITTEE	TOTAL \$
<b>Centuria Capital Limited</b>	<b>2022 12 months</b>	<b>25</b>	<b>110,000</b>	<b>10,000</b>	-	<b>10,000</b>	-	-	<b>130,000</b>
	2021 1 month (new fee structure)**		9,167	833	-	833	-	-	10,833
<b>Centuria Life Limited</b>	<b>2022 12 months</b>	<b>13</b>	<b>30,000</b>	-	-	-	-	<b>70,000</b>	<b>100,000</b>
	2021 1 month (new fee structure)**		2,500	-	-	<b>10,000</b>	-	5,833	8,333
<b>Total</b>	<b>2022 12 months</b>	<b>38</b>	<b>140,000</b>	<b>10,000</b>	-	-	-	<b>70,000</b>	<b>230,000</b>
	2021 1 month (new fee structure)**		11,667	833	-	833	-	5,833	19,166

\*\* The new fee structure and schedule outlined on page 90 was effective from 1 June 2021. The 2021 fees in this table therefore only represent the fees for one month. The 2021 full year fees paid to NEDs are outlined in the table presented on page 93.

## MS SUSAN L. WHEELDON

	YEAR	MEETINGS HELD DURING FY22	BOARD	AUDIT, RISK AND COMPLIANCE COMMITTEE	CONFLICTS COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	CULTURE AND ESG COMMITTEE	INVESTMENT COMMITTEE	TOTAL \$
<b>Centuria Capital Limited<sup>(i)</sup></b>	<b>2022 12 months</b>	<b>25</b>	<b>110,000</b>	-	<b>9,688</b>	<b>7,083</b>	<b>20,000</b>	-	<b>146,771</b>
	2021 1 month (new fee structure)**		9,167	833	1,250	-	1,667	-	12,084
<b>Total</b>	<b>2022 12 months</b>	<b>25</b>	<b>110,000</b>	-	<b>9,688</b>	<b>7,083</b>	<b>20,000</b>	-	<b>146,771</b>
	2021 1 month (new fee structure)**		9,167	-	1,250	-	1,667	-	12,084

Note (i): Ms Susan Wheeldon was a member of the Conflicts Committee until 22 February 2022. On 22 February 2022, she was appointed Chair of the Nomination and Remuneration Committee.

\*\* The new fee structure and schedule outlined on page 90 was effective from 1 June 2021. The 2021 fees in this table therefore only represent the fees for one month. The 2021 full year fees paid to NEDs are outlined in the table presented on page 93.

## MR NICHOLAS R. COLLISHAW

	YEAR	MEETINGS HELD DURING FY22	BOARD	AUDIT, RISK AND COMPLIANCE COMMITTEE	CONFLICTS COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	CULTURE AND ESG COMMITTEE	INVESTMENT COMMITTEE	TOTAL \$
<b>Centuria Capital Limited<sup>(i)</sup></b>	<b>2022 12 months</b>	<b>25</b>	<b>18,333</b>	-	-	-	<b>1,667</b>	-	<b>20,000</b>
	2021 1 month (new fee structure)*		9,167	-	-	-	833	-	10,000
<b>Centuria Property Funds Limited<sup>(i)</sup></b>	<b>2022 12 months</b>	<b>27</b>	<b>5,000</b>	-	-	-	-	-	<b>5,000</b>
	2021 1 month (new fee structure)*		2,500	-	-	-	-	-	2,500
<b>Centuria Property Funds No. 2 Limited<sup>(i)</sup></b>	<b>2022 12 months</b>	<b>28</b>	<b>5,000</b>	-	-	-	-	-	<b>5,000</b>
	2021 1 month (new fee structure)**		2,500	-	-	-	-	-	2,500
<b>Centuria Healthcare Asset Management Limited (ii)</b>	<b>2022 12 months</b>	<b>6</b>	<b>22,727</b>	-	-	-	-	-	<b>22,727</b>
	2021 1 month (new fee structure)*		5,833	-	-	-	-	-	5,833
<b>Total</b>	<b>2022 12 months</b>	<b>86</b>	<b>51,060</b>	-	-	-	<b>1,667</b>	-	<b>52,727</b>
	2021 1 month (new fee structure)*		20,000	-	-	-	833	-	20,833

Note (i): Mr Nicholas Collishaw resigned from the Board of Centuria Capital Limited, Centuria Property Funds Limited and Centuria Property Funds No.2 Limited on 30 August 2021.

Note (ii): Mr Nicholas Collishaw resigned from the Board of Centuria Healthcare Asset Management Limited on 17 September 2021.

\*\* The new fee structure and schedule outlined on page 90 was effective from 1 June 2021. The 2021 fees in this table therefore only represent the fees for one month. The 2021 full year fees paid to NEDs are outlined in the table presented on page 93.



# Directors' report

For the year ended 30 June 2022

### Related party transactions

Since 2021 the Board has adopted a policy that, as a matter of general principle, third party consultancy fees should not be paid to entities that are related to independent directors. Any directors who are associated with entities that received consulting fees have had their independence tested and confirmed by reference to ASIC guidelines on independence and through an external review.

**There were no fees paid in FY22.** In FY21, the following transactions occurred between the Group and key management personnel:

ENTITY	RELATED PARTY	30 JUNE 2022 \$	30 JUNE 2021 \$
Wolseley Corporate Pty Ltd	Mr Garry S. Charny	-	328,707
Tailwind Consulting Pty Ltd	Mr John R. Slater	-	211,977

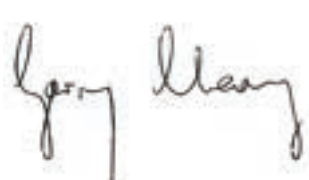
### Director and Senior Management equity holdings and other transactions

#### 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 2021	MOVEMENT	BALANCE AT 30 JUNE 2022	CHANGES PRIOR TO SIGNING	BALANCE AT SIGNING DATE
Mr Garry S. Charny	406,753	16,000	422,753	-	422,753
Mr Peter J. Done	1,506,182	-	1,506,182	-	1,506,182
Mr John R. Slater	3,110,677	-	3,110,677	-	3,110,677
Ms Susan L. Wheeldon	-	-	-	-	-
Ms Kristie R. Brown	-	-	-	-	-
Mr John E. McBain	7,062,484	638,298	7,700,782	-	7,700,782
Mr Jason C. Huljich	5,289,612	968,969	6,258,581	-	6,258,581
Mr Simon W. Holt	777,889	230,496	1,008,385	-	1,008,385

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



Mr Garry S. Charny

DIRECTOR



Peter Done

DIRECTOR

Sydney  
10 August 2022



## 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 2022 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

10 August 2022

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# Financial statements



2 CORNWALLIS STREET

CSIRO DATA61 BUILDING, 13 GARDEN ST

BIOMEDICAL BUILDING, 3 CENTRAL AVENUE

UNLISTED: AUSTRALIAN TECHNOLOGY PARK, SOUTH EVERLEIGH NSW



# Financial report contents

For the year ended 30 June 2022

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# Consolidated statement of comprehensive income

For the year ended 30 June 2022

	NOTES	2022 \$'000	2021 \$'000
Revenue	B1, B2	299,716	228,932
Share of net profit of equity accounted investments	E1	7,101	3,070
Net movement in policyholder liability		16,514	5,788
Fair value movements of financial instruments and property	B3	(190,384)	103,929
Expenses	B4	(135,313)	(155,864)
Finance costs	B5	(31,593)	(20,289)
<b>(Loss)/profit before tax</b>		<b>(33,959)</b>	165,566
Income tax expense	B6	(3,402)	(15,927)
<b>(Loss)/profit after tax</b>		<b>(37,361)</b>	149,639

## (LOSS)/PROFIT AFTER TAX IS ATTRIBUTABLE TO:

Centuria Capital Limited	20,637	23,431
Centuria Capital Fund (non-controlling interests)	(58,489)	120,025
External non-controlling interests	491	6,183
<b>(Loss)/profit after tax</b>	<b>(37,361)</b>	149,639
Foreign currency translation reserve	(4,262)	(757)
<b>Total comprehensive (loss)/income for the year</b>	<b>(41,623)</b>	148,882

## TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR IS ATTRIBUTABLE TO:

Centuria Capital Limited	16,375	22,674
Centuria Capital Fund (non-controlling interests)	(58,489)	120,025
External non-controlling interests	491	6,183
<b>Total comprehensive (loss)/income</b>	<b>(41,623)</b>	148,882

## (LOSS)/PROFIT AFTER TAX ATTRIBUTABLE TO:

Centuria Capital Limited	20,637	23,431
Centuria Capital Fund (non-controlling interests)	(58,489)	120,025
<b>(Loss)/profit after tax attributable to Centuria Capital Group securityholders</b>	<b>(37,852)</b>	143,456

	CENTS	CENTS
--	-------	-------

## (LOSS)/EARNINGS PER CENTURIA CAPITAL GROUP SECURITY

Basic (cents per stapled security)	B7	(4.8)	24.6
Diluted (cents per stapled security)	B7	(4.8)	24.2

## (LOSS)/EARNINGS PER CENTURIA CAPITAL LIMITED SHARE

Basic (cents per share)	2.6	4.0
Diluted (cents per share)	2.6	4.0

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 2022

	NOTES	2022 \$'000	2021 \$'000
Cash and cash equivalents	D2	200,565	273,351
Receivables	C2	113,487	127,197
Income tax receivable	B6(b)	6,861	977
Financial assets	C3	961,692	990,524
Other assets		9,972	8,679
Inventory	C5	134,783	53,744
Deferred tax assets	B6(c)	50,006	42,526
Equity accounted investments	E1	74,769	55,637
Investment properties	C4	337,500	208,140
Right of use asset	C10	17,006	19,947
Intangible assets	C6	788,209	790,551
<b>Total assets</b>		<b>2,694,850</b>	<b>2,571,273</b>
Payables	C7	134,619	88,675
Provisions		5,113	4,077
Borrowings	C8	629,385	426,642
Provision for income tax	B6(b)	4,165	1,764
Interest rate swaps at fair value		18,750	31,205
Benefit funds policyholder's liability		270,557	303,650
Call/put option liability	B9	84,095	22,690
Deferred tax liabilities	B6(c)	95,522	100,572
Lease liability	C10	19,443	21,757
<b>Total liabilities</b>		<b>1,261,649</b>	<b>1,001,032</b>
<b>Net assets</b>		<b>1,433,201</b>	<b>1,570,241</b>
<b>EQUITY</b>			
<b>Equity attributable to Centuria Capital Limited</b>			
Contributed equity	C11	389,717	386,634
Reserves		3,491	3,720
Retained earnings		284,478	283,058
<b>Total equity attributable to Centuria Capital Limited</b>		<b>677,686</b>	<b>673,412</b>

	NOTES	2022 \$'000	2021 \$'000
<b>EQUITY ATTRIBUTABLE TO CENTURIA CAPITAL FUND (NON-CONTROLLING INTERESTS)</b>			
Contributed equity	C11	1,025,584	1,018,822
Retained earnings		(313,452)	(183,970)
<b>Total equity attributable to Centuria Capital Fund (non-controlling interests)</b>		<b>712,132</b>	<b>834,852</b>
<b>Total equity attributable to Centuria Capital Group securityholders</b>		<b>1,389,818</b>	<b>1,508,264</b>
<b>EQUITY ATTRIBUTABLE TO EXTERNAL NON-CONTROLLING INTERESTS</b>			
Contributed equity		15,683	31,781
Retained earnings		27,700	30,196
<b>Total equity attributable to external non-controlling interests</b>		<b>43,383</b>	<b>61,977</b>
<b>Total equity</b>		<b>1,433,201</b>	<b>1,570,241</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 2022

	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 SECURITY- HOLDERS \$'000	CONTRIBUTED EQUITY \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000	TOTAL EQUITY \$'000
<b>Balance at 1 July 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>
Profit for the year	-	-	20,637	20,637	-	(58,489)	(58,489)	(37,852)	-	491	491	(37,361)
Foreign currency translation reserve	-	(4,262)	-	(4,262)	-	-	-	(4,262)	-	-	-	(4,262)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(4,262)</b>	<b>20,637</b>	<b>16,375</b>	<b>-</b>	<b>(58,489)</b>	<b>(58,489)</b>	<b>(42,114)</b>	<b>-</b>	<b>491</b>	<b>491</b>	<b>(41,623)</b>
Equity settled share based payments expense	981	4,033	-	5,014	-	-	-	5,014	-	-	-	5,014
Dividends and distributions paid/accrued	-	-	(18,965)	(18,965)	-	(70,523)	(70,523)	(89,488)	-	(3,895)	(3,895)	(93,383)
Securities issued	2,039	-	-	2,039	6,636	-	6,636	8,675	-	-	-	8,675
Cost of equity raising	(173)	-	-	(173)	(344)	-	(344)	(517)	-	-	-	(517)
Change in value of securities issued	236	-	-	236	470	-	470	706	-	-	-	706
Fair value differential on acquisition (impact of transaction as part of stapled group)	-	-	(252)	(252)	-	(470)	(470)	(722)	-	-	-	(722)
Deconsolidation of controlled property funds	-	-	-	-	-	-	-	-	(22,077)	908	(21,169)	(21,169)
Issued equity to non-controlling interests	-	-	-	-	-	-	-	-	5,979	-	5,979	5,979
<b>Balance at 30 June 2022</b>	<b>389,717</b>	<b>3,491</b>	<b>284,478</b>	<b>677,686</b>	<b>1,025,584</b>	<b>(313,452)</b>	<b>712,132</b>	<b>1,389,818</b>	<b>15,683</b>	<b>27,700</b>	<b>43,383</b>	<b>1,433,201</b>

	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 SECURITY- HOLDERS \$'000	CONTRIBUTED EQUITY \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000	TOTAL EQUITY \$'000
<b>Balance at 1 July 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>
Profit for the year	-	-	23,431	23,431	-	120,025	120,025	143,456	-	6,183	6,183	149,639
Foreign currency translation reserve	-	(757)	-	(757)	-	-	-	(757)	-	-	-	(757)
<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	18,075
Equity settled share based payments expense	1,482	1,576	-	3,058	-	-	-	3,058	-	-	-	3,058
Dividends and distributions paid/accrued	-	-	(19,808)	(19,808)	-	(40,219)	(40,219)	(60,027)	-	(3,295)	(3,395)	(63,322)
Transactions with owners in their capacity as owners	-	-	2,671	2,671	-	5,685	5,685	8,356	-	-	-	8,356
Stapled securities issued	209,208	-	-	209,208	475,185	-	475,185	684,393	-	-	-	684,393
Cost of equity raising	(1,205)	-	-	(1,205)	(2,107)	-	(2,107)	(3,312)	-	-	-	(3,312)
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)	(56,369)
Deconsolidation of controlled property funds	-	-	-	-	-	-	-	-	(1,459)	793	(666)	(666)
<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 cash flows

For the year ended 30 June 2022

	NOTES	2022 \$'000	2021 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Management fees received		186,462	110,355
Performance fees received		20,829	1,772
Rent received		27,764	15,333
Distributions received		53,119	38,832
Interest received		4,531	2,191
Payments to suppliers and employees		(106,726)	(135,469)
Cash received on development projects		48,511	42,723
Interest paid		(26,393)	(15,355)
Income taxes paid		(19,560)	(10,280)
Applications - benefits funds		27,801	15,611
Redemptions - benefits funds		(44,737)	(42,851)
<b>Net cash provided by operating activities</b>	<b>D3</b>	<b>171,601</b>	<b>22,862</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of related party investments		89,817	33,988
Purchase of investments in related parties		(164,281)	(128,519)
Repayment of loans by related parties		82,991	3,750
Loans to related parties		(149,531)	(31,216)
Loans repaid by other parties		-	6,702
(Purchase)/sale of investment property		(237,700)	861
Purchase of equity accounted investments		(28,381)	(26,089)
Disposal of equity accounted investments		8,324	5,000
Payments for property, plant and equipment		(2,697)	(3,343)
Cash balance on deconsolidation of property funds		(12,926)	105,308
Purchase of subsidiaries		-	(104,996)
Collections from reverse mortgage holders		2,551	888
Sale/(purchase) of property held for development		10,149	(22,621)
Benefit Funds net disposals of investments in financial assets		12,925	21,319
Proceeds from sale of investments		4,737	-
Return of investment to external non-controlling interests		-	(356)
<b>Net cash used in investing activities</b>		<b>(384,022)</b>	<b>(139,324)</b>

	NOTES	2022 \$'000	2021 \$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of securities to securityholders of Centuria Capital Group		8,300	133,073
Equity raising costs paid		(328)	(2,611)
Proceeds from borrowings		248,719	242,616
Repayment of borrowings		(23,395)	(98,645)
Capitalised borrowing costs paid		(1,900)	(4,877)
Distributions paid to securityholders of Centuria Capital Group		(90,524)	(52,124)
Proceeds from issues of securities to external non-controlling interests		3,658	1,376
Distributions paid to external non-controlling interests		(3,820)	(3,227)
<b>Net cash provided by financing activities</b>		<b>140,710</b>	<b>215,581</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(71,711)</b>	<b>99,119</b>
Cash and cash equivalents at the beginning of the financial year		273,351	174,458
Effects of exchange rate changes on cash and cash equivalents		(1,075)	(226)
<b>Cash and cash equivalents at end of year</b>		<b>200,565</b>	<b>273,351</b>

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



# Notes to the financial statements

For the year ended 30 June 2022

## 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 ASX '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 2022 were authorised for issue by the Group's Board of Directors on 10 August 2022.

#### 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.

#### 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 2021 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 2021.

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 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2

AASB 2020-8 amends AASB 9 Financial Instruments, AASB 7 Financial Instruments: Disclosures, AASB 4 Insurance Contracts, AASB 16 Leases and AASB 139 Financial Instruments: Recognition and Measurement to introduce practical expedients in relation to accounting for modification of financial contracts and/or leases if a change results directly from IBOR reform. Amendments also allow a series of exemptions from the regular hedge accounting rules and introduce additional disclosures requirements.

##### AASB 2021-3 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions beyond 30 June 2021

AASB 2021-3 extends the practical expedient introduced by AASB 2020-4 Amendments to Australian Accounting Standards - COVID-19 - Related Rent Concessions by a further 12 months - permitting lessees to apply the relief to rent concessions for which reductions in lease payments were originally due on or before 30 June 2022.



# Notes to the financial statements

For the year ended 30 June 2022

## A About the report

### Standards not yet effective:

A number of new standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 17 Insurance Contracts
- AASB 2020-5 Amendments to Australian Accounting Standards - Insurance Contracts
- AASB 2022-1 Amendments to Australian Accounting Standards - Initial application of AASB 17 and AASB 9 - Comparative Information
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2021-7(a-c) Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

### 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 are included in the following notes:

- Note B2 Revenue - performance fees
- Note C4 Investment properties
- Note C6 Intangible assets
- Note F2 Financial instruments

### A5 SEGMENT SUMMARY

As at 30 June 2022 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 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 sale and other liquid investments
Development	Management of development projects and completion of structured property developments which span sectors ranging from commercial office, industrial, health through to residential mixed use.
Property and development finance	Provision of real estate secured non-bank finance for land sub-division, bridging finance, development projects 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 investment, 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



# Notes to the financial statements

For the year ended 30 June 2022

## B Business performance

### B1 SEGMENT PROFIT AND LOSS

FOR THE YEAR ENDED 30 JUNE 2022	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		124,634	-	11,447	-	10,723	-	146,804	-	-	-	(6,439)	140,365
Property acquisition fees		26,850	-	-	-	-	-	26,850	-	-	-	-	26,850
Property performance fees		32,950	-	-	-	-	-	32,950	-	-	-	-	32,950
Financing fees		1,986	-	73	4,592	-	-	6,651	(4,592)	-	-	-	2,059
Development revenue		-	-	14,246	-	-	-	14,246	-	-	-	-	14,246
Property sales fees		2,326	-	-	-	-	-	2,326	-	-	-	-	2,326
Interest revenue		120	1,450	758	2,886	-	3,235	8,449	(2,886)	430	2	(59)	5,936
Rental income		-	1,272	450	-	-	62	1,784	-	-	18,271	-	20,055
Recoverable outgoings		-	-	-	-	-	-	-	-	-	5,402	-	5,402
Distribution/ dividend revenue		-	45,515	-	-	-	-	45,515	(2,706)	6,541	-	(4,212)	45,138
Underwriting fees		3,473	-	-	-	-	-	3,473	-	-	-	-	3,473
Other income		790	564	898	307	528	474	3,561	(2,818)	41	132	-	916
<b>Total revenue</b>	<b>B2</b>	<b>193,129</b>	<b>48,801</b>	<b>27,872</b>	<b>7,785</b>	<b>11,251</b>	<b>3,771</b>	<b>292,609</b>	<b>(13,002)</b>	<b>7,012</b>	<b>23,807</b>	<b>(10,710)</b>	<b>299,716</b>
Share of net profit of equity accounted investments	E1	-	-	-	-	-	-	-	7,101	-	-	-	7,101
Net movement in policyholder liabilities		-	-	-	-	-	-	-	-	16,514	-	-	16,514
Fair value movements of financial instruments and property	B3	-	-	-	-	-	-	-	(167,087)	(24,848)	32	1,519	(190,384)
Cost of sales		-	-	(12,653)	-	-	-	(12,653)	-	-	-	-	(12,653)
Expenses	B4	(74,839)	(374)	(8,738)	(3,621)	(6,693)	(22,176)	(116,441)	237	(5,429)	(7,199)	6,172	(122,660)
Finance costs	B5	(5,884)	(17,765)	(7)	(5)	(11)	(2,385)	(26,057)	(1,063)	(2)	(2,779)	(1,692)	(31,593)
<b>(Loss)/profit before tax</b>		<b>112,406</b>	<b>30,662</b>	<b>6,474</b>	<b>4,159</b>	<b>4,547</b>	<b>(20,790)</b>	<b>137,458</b>	<b>(173,814)</b>	<b>(6,753)</b>	<b>13,861</b>	<b>(4,711)</b>	<b>(33,959)</b>
Income tax benefit/(expense)	B6	(33,621)	(1,799)	(1,948)	(1,247)	(1,135)	16,802	(22,948)	12,793	6,753	-	-	(3,402)
<b>Profit/(Loss) after tax</b>		<b>78,785</b>	<b>28,863</b>	<b>4,526</b>	<b>2,912</b>	<b>3,412</b>	<b>(3,988)</b>	<b>114,510</b>	<b>(161,021)</b>	<b>-</b>	<b>13,861</b>	<b>(4,711)</b>	<b>(37,361)</b>
<b>PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO:</b>													
Centuria Capital Limited		78,785	5,965	4,526	2,912	3,412	(53,393)	42,207	(21,570)	-	-	-	20,637
Centuria Capital Fund		-	22,898	-	-	-	49,405	72,303	(139,451)	-	13,370	(4,711)	(58,489)
<b>Profit/(loss) after tax attributable to Centuria Capital Group security-holders</b>		<b>78,785</b>	<b>28,863</b>	<b>4,526</b>	<b>2,912</b>	<b>3,412</b>	<b>(3,988)</b>	<b>114,510</b>	<b>(161,021)</b>	<b>-</b>	<b>13,370</b>	<b>(4,711)</b>	<b>(37,852)</b>
Non-controlling interests		-	-	-	-	-	-	-	-	-	491	-	491
<b>Profit/(loss) after tax</b>		<b>78,785</b>	<b>28,863</b>	<b>4,526</b>	<b>2,912</b>	<b>3,412</b>	<b>(3,988)</b>	<b>114,510</b>	<b>(161,021)</b>	<b>-</b>	<b>13,861</b>	<b>(4,711)</b>	<b>(37,361)</b>

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>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	B3	-	-	-	-	-	-	-	79,843	20,348	8,048	(4,310)	103,929
Expenses	B4	(45,811)	(234)	(3,708)	(440)	(7,086)	(16,382)	(73,661)	(4,503)	(29,741)	(7,159)	3,879	(111,185)
Cost of sales		-	-	(44,679)	-	-	-	(44,679)	-	-	-	-	(44,679)
Finance costs	B5	(1,133)	(11,168)	(6)	-	(3)	(2,578)	(14,888)	(3,262)	(3)	(2,196)	60	(20,289)
<b>(Loss)/profit 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)	B6	(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>
<b>PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO:</b>													
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 security-holders</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>



# Notes to the financial statements

For the year ended 30 June 2022

## B Business performance

### 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) 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.	Over-time
Distribution/dividend revenue	Distribution/dividend revenue from investments is recognised when the shareholder has a 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
Finance work fees	Liquidity management services to property funds in accordance with the fund constitutions. The revenue is recognised when the specific service is delivered (e.g. on facility execution) and consideration is due 30 days from invoice date.	Point-in-time

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



# Notes to the financial statements

For the year ended 30 June 2022

## B Business performance

TYPE OF REVENUE	DESCRIPTION	REVENUE RECOGNITION POLICY
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	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

### (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 2022 \$'000	UNRECOGNISED PERFORMANCE OBLIGATIONS 2022 \$'000	RECOGNISED IN 2021 \$'000	UNRECOGNISED PERFORMANCE OBLIGATIONS 2021 \$'000
Property performance fees*	32,950	179,273	17,908	21,388
Development revenue	14,246	25,954	49,664	2,280
Management fees**	57,822	75,999	22,308	86,544

\* The underlying property funds managed by the Group have embedded performance fees of \$215,081,000 as at 30 June 2022. 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 \$179,273,000. Unrecognised performance fees are based on current valuations with fund expiries ranging up to FY30 and may not be fees that will eventuate nor recognised upon Fund expiry or at the point performance fees recognition will normally be triggered.

\*\* 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.

	2022 \$	2021 \$
Management fees from property funds managed by Centuria	134,751,000	75,021,656
Distributions from property funds managed by Centuria	38,597,343	31,620,548
Performance fees from property funds managed by Centuria	32,950,250	17,908,370
Property acquisition fees from property funds managed by Centuria	26,850,177	7,881,250
Interest from debt funds managed by Centuria	2,885,503	1,194,002
Management fees from Over Fifty Guardian Friendly Society	3,618,246	3,725,242
Sales fees from property funds managed by Centuria	2,326,011	769,175
Underwriting fees in relation to property funds managed by Centuria	3,472,595	5,089,589
Interest income on loans to property funds managed by Centuria	1,381,964	701,934
Fees from debt funds managed by Centuria	307,120	582,098
	<b>247,140,209</b>	<b>144,493,864</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.

## B3 FAIR VALUE MOVEMENTS OF FINANCIAL INSTRUMENTS AND PROPERTY

	2022 \$'000	2021 \$'000
Movement in Centuria Industrial REITs listed market price	(101,599)	64,786
Movement in Centuria Office REITs listed market price	(56,719)	27,358
Fair value movement in healthcare put/call option	(26,005)	(5,523)
Other fair value movements	(6,061)	17,308
<b>Total fair value movement</b>	<b>(190,384)</b>	<b>103,929</b>

# Notes to the financial statements

For the year ended 30 June 2022

## B Business performance

### B4 EXPENSES

	2022 \$'000	2021 \$'000
Employee benefits expense	75,410	49,410
Cost of sales - development	12,653	44,679
Property management fees paid	4,594	4,168
Property outgoings and fund expenses	5,393	5,652
Consulting and professional fees	5,109	4,077
Insurance costs	5,000	1,747
Transaction costs	3,652	5,220
Depreciation expense	4,179	3,731
Administration fees	3,278	1,943
Information technology expenses	3,359	1,870
Acquisition fee rebates expense	1,360	-
Claims - discretionary participation features	165	26,804
Other expenses	11,161	6,563
	<b>135,313</b>	<b>155,864</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 70.

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

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

	2022 \$	2021 \$
Short term employee benefits	9,678,084	8,120,098
Post-employment benefits	160,976	144,764
Other long term employment benefits	138,167	144,793
Share-based payments	2,796,274	2,010,647
	<b>12,773,501</b>	<b>10,420,302</b>

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

### B5 FINANCE COSTS

	2022 \$'000	2021 \$'000
Operating interest charges	18,112	12,497
Bank loans in controlled property funds interest charges	2,779	2,196
Reverse mortgage facility interest charges	1,999	2,334
Loss/(gain) on derivatives on fair value hedges	(14,503)	8,080
(Gain)/loss on financial assets fair value hedges	14,503	(8,080)
Finance charge - puttable instruments	5,884	1,133
Other finance costs	1,750	1,006
Finance lease interest	1,069	1,123
	<b>31,593</b>	<b>20,289</b>

#### Recognition and measurement

The Group's finance costs include:

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

### B6 TAXATION

	2022 \$'000	2021 \$'000
Current tax expense in respect of the current year	23,877	7,048
Adjustments to current tax in relation to prior years	(1,117)	61
	<b>22,760</b>	<b>7,109</b>
Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences	(18,468)	8,904
Adjustments to deferred tax in relation to prior years	(890)	(86)
<b>Income tax expense</b>	<b>3,402</b>	<b>15,927</b>



# Notes to the financial statements

For the year ended 30 June 2022

## B Business performance

### (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:

	2022 \$'000	2021 \$'000
(Loss)/profit before tax	(33,956)	165,566
Less: (loss)/profit not subject to income tax	45,169	(114,680)
	<b>11,213</b>	<b>50,886</b>
Income tax expense calculated at 30%	3,364	15,266
<b>ADD/(DEDUCT) TAX EFFECT OF AMOUNTS WHICH ARE NOT DEDUCTIBLE/(ASSESSABLE):</b>		
Tax offset for franked dividends	(301)	(389)
Adjustments due to foreign exchange	-	(86)
Non-allowable expenses - other	1,415	1,007
Adjustments to income tax expense in relation to prior years	(1,117)	61
Effects of different tax rates of subsidiaries operating in other jurisdictions	41	68
<b>Income tax expense</b>	<b>3,402</b>	<b>15,927</b>

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

	2022 \$'000	2021 \$'000
<b>CURRENT TAX ASSETS/(LIABILITIES) ATTRIBUTABLE TO:</b>		
Income tax receivable/(payable) - Australia	3,721	(996)
Income tax receivable - New Zealand	-	977
Income tax payable to benefit fund policy holders - Australia	(1,025)	(768)
	<b>2,696</b>	<b>(787)</b>

### (c) Movement of deferred tax balances

FINANCIAL YEAR ENDED 30 JUNE 2022	OPENING BALANCE \$'000	MOVEMENT \$'000	CLOSING BALANCE \$'000
<b>DEFERRED TAX ASSETS</b>			
Provisions	3,498	(633)	2,865
Transaction costs	4,387	195	4,582
Capital losses	24,781	(1,468)	23,313
Revenue tax losses	2,943	(1,402)	1,541
Financial derivatives	2,319	9,034	11,353
Property held for development	3,942	1,772	5,714
Right of use asset/lease liability	48	67	115
Equity accounted investment	523	-	523
Other	85	(85)	-
	<b>42,526</b>	<b>7,480</b>	<b>50,006</b>
<b>DEFERRED TAX LIABILITIES</b>			
Indefinite life management rights	(86,678)	-	(86,678)
Accrued performance fees	(6,345)	(5,189)	(11,534)
Accrued income	(352)	(56)	(408)
Unrealised gain/(loss) on financial assets	(6,794)	10,286	3,492
Other	(403)	9	(394)
	<b>(100,572)</b>	<b>5,050</b>	<b>(95,522)</b>
<b>FINANCIAL YEAR ENDED 30 JUNE 2021</b>			
<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
Financial derivatives	2,757	(438)	2,319
Revenue tax losses	1,118	1,825	2,943
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>

# Notes to the financial statements

For the year ended 30 June 2022

## B Business performance

FINANCIAL YEAR ENDED 30 JUNE 2021	OPENING BALANCE \$'000	MOVEMENT \$'000	CLOSING BALANCE \$'000
<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>

### 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.

Primewest Group Limited (Primewest Group) was 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. From 1 August 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 2022. Centuria Healthcare has its own tax consolidated group with its wholly-owned subsidiaries for the full year. 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 2022 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.



# Notes to the financial statements

For the year ended 30 June 2022

## B Business performance

### B7 (LOSSES)/EARNINGS PER SECURITY

	2022 CENTS	2021 CENTS
Basic (cents per stapled security)	(4.8)	24.6
Diluted (cents per stapled security) <sup>(i)</sup>	(4.8)	24.2

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

(i) As the Group is in a statutory loss, the diluted EPS is equal to basic EPS.

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

	2022	2021
Weighted average number of ordinary securities (basic)	791,188,235	584,215,946
Weighted average number of ordinary securities (diluted) <sup>(i)</sup>	800,319,140	591,683,198

(i) The weighted average number of ordinary securities used in the calculation of diluted earnings per security is determined as if 30 June 2022 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 2022 was the end of the performance period are deemed to have been issued at the start of the financial year.

### B8 DIVIDENDS AND DISTRIBUTIONS

	2022		2021	
	CENTS PER SECURITY	TOTAL \$'000	CENTS PER SECURITY	TOTAL \$'000
<b>DIVIDENDS/DISTRIBUTIONS PAID DURING THE YEAR</b>				
Final year-end dividend (fully franked)	2.10	12,605	1.80	8,690
Final year-end distribution	3.40	20,408	3.40	16,420
Interim dividend (fully franked)	1.20	9,482	1.20	7,203
Interim distribution	4.30	33,977	3.30	19,811

#### DIVIDENDS/DISTRIBUTIONS DECLARED DURING THE YEAR

Final dividend (fully franked) <sup>(i)</sup>	0.90	7,114	2.10	12,605
<b>Final distribution<sup>(i)</sup></b>	<b>4.60</b>	<b>36,363</b>	<b>3.40</b>	<b>20,408</b>

(i) The Group declared a final dividend/distribution in respect of the year ended 30 June 2022 of 5.5 cents per stapled security which included a fully franked dividend of 0.9 cents per share and a trust distribution of 4.6 cents per unit. The final dividend had a record date of 30 June 2022 and payable on 11 August 2022. The total amount paid of \$43,477,000 (2020: \$33,013,000) has been provided for as a liability in these financial statements.

#### (a) Franking credits

	2022 \$'000	2021 \$'000
Amount of franking credits available to shareholders of the Company <sup>(i)</sup>	9,447	11,297

(i) Before taking into account the impact of the final dividend paid on 11 August 2022.

Of the franking credit balance of \$9,447,000 at 30 June 2022, \$7,179,000 relates to the Centuria Capital Limited tax consolidated group and \$2,268,000 relates to the Centuria Healthcare tax consolidated group.



# Notes to the financial statements

For the year ended 30 June 2022

## C Assets and liabilities

### C1 SEGMENT BALANCE SHEET

AS AT 30 JUNE 2022	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
<b>ASSETS</b>												
Cash and cash equivalents	D2	94,123	11,763	39,313	-	7,616	32,184	<b>184,999</b>	9,503	6,063	-	<b>200,565</b>
Receivables	C2	72,451	14,034	10,250	-	388	8,818	<b>105,941</b>	4,187	3,359	-	<b>113,487</b>
Income tax receivable	B6	-	-	-	-	-	6,861	<b>6,861</b>	-	-	-	<b>6,861</b>
Financial assets	C3	-	726,579	-	-	-	38,008	<b>764,587</b>	257,328	31	(60,254)	<b>961,692</b>
Other assets		-	-	-	-	63	9,909	<b>9,972</b>	-	-	-	<b>9,972</b>
Inventory	C5	-	88,712	40,690	-	-	-	<b>129,402</b>	-	5,648	(267)	<b>134,783</b>
Deferred tax assets	B6(c)	22,883	1,182	4,668	-	373	17,512	<b>46,618</b>	3,388	-	-	<b>50,006</b>
Equity accounted investments	E1	-	49,117	-	25,765	-	-	<b>74,882</b>	-	-	(113)	<b>74,769</b>
Investment properties	C4	-	-	-	-	-	-	-	-	337,500	-	<b>337,500</b>
Right of use asset	C10	-	-	-	-	-	17,006	<b>17,006</b>	-	-	-	<b>17,006</b>
Intangible assets	C6	788,209	-	-	-	-	-	<b>788,209</b>	-	-	-	<b>788,209</b>
<b>Total assets</b>		<b>977,666</b>	<b>891,387</b>	<b>94,921</b>	<b>25,765</b>	<b>8,440</b>	<b>130,298</b>	<b>2,128,477</b>	<b>274,406</b>	<b>352,601</b>	<b>(60,634)</b>	<b>2,694,850</b>
<b>LIABILITIES</b>												
Payables	C7	35,549	61,835	6,353	-	2,832	19,549	<b>126,118</b>	1,018	7,677	(194)	<b>134,619</b>
Provisions		3,002	-	-	-	-	2,111	<b>5,113</b>	-	-	-	<b>5,113</b>
Borrowings	C8	-	436,705	-	-	-	3,606	<b>440,311</b>	-	190,239	(1,165)	<b>629,385</b>
Provision for income tax	B6	2,620	-	-	-	-	395	<b>3,015</b>	1,150	-	-	<b>4,165</b>
Interest rate swap at fair value		-	-	-	-	-	18,750	<b>18,750</b>	-	-	-	<b>18,750</b>
Benefit funds policy holders' liability		-	-	-	-	-	-	-	270,557	-	-	<b>270,557</b>
Call/put option liability		-	-	-	-	-	48,695	<b>48,695</b>	-	-	35,400	<b>84,095</b>
Deferred tax liability	B6(c)	93,310	-	192	-	275	64	<b>93,841</b>	1,681	-	-	<b>95,522</b>
Lease liability	C10	-	-	-	-	-	19,443	<b>19,443</b>	-	-	-	<b>19,443</b>
<b>Total liabilities</b>		<b>134,481</b>	<b>498,540</b>	<b>6,545</b>	<b>-</b>	<b>3,107</b>	<b>112,613</b>	<b>755,286</b>	<b>274,406</b>	<b>197,916</b>	<b>34,041</b>	<b>1,261,649</b>
<b>Net assets</b>		<b>843,185</b>	<b>392,847</b>	<b>88,376</b>	<b>25,765</b>	<b>5,333</b>	<b>17,685</b>	<b>1,373,191</b>	<b>-</b>	<b>154,685</b>	<b>(94,675)</b>	<b>1,433,201</b>

AS AT 30 JUNE 2021	NOTES	PROPERTY FUNDS MANAGEMENT \$'000	CO- INVESTMENTS \$'000	DEVELOPMENT \$'000	INVESTMENT BONDS MANAGEMENT \$'000	PROPERTY AND DEVELOPMENT FINANCE \$'000	CORPORATE \$'000	OPERATING BALANCE SHEET \$'000	BENEFITS FUNDS \$'000	CONTROLLED PROPERTY FUNDS \$'000	ELIMINATIONS \$'000	STATUTORY BALANCE SHEET \$'000
<b>ASSETS</b>												
Cash and cash equivalents	D2	54,497	158,418	9,526	2,638	-	24,558	<b>249,637</b>	16,835	6,879	-	<b>273,351</b>
Receivables	C2	47,573	27,910	2,462	269	-	8,715	<b>86,929</b>	6,049	1,475	(194)	<b>94,259</b>
Contract asset	C2	-	-	32,938	-	-	-	<b>32,938</b>	-	-	-	<b>32,938</b>
Income tax receivable		306	-	-	-	-	671	<b>977</b>	-	-	-	<b>977</b>
Financial assets	C3	-	695,871	-	-	-	54,309	<b>750,180</b>	288,179	-	(47,835)	<b>990,524</b>
Other assets		141	-	13	84	-	8,441	<b>8,679</b>	-	-	-	<b>8,679</b>
Investment properties	C4	-	-	-	-	-	-	-	-	208,140	-	<b>208,140</b>
Property held for development		-	-	53,744	-	-	-	<b>53,744</b>	-	-	-	<b>53,744</b>
Deferred tax assets		28,553	-	4,152	-	-	9,821	<b>42,526</b>	-	-	-	<b>42,526</b>
Equity accounted investments	E1	-	29,933	-	-	25,704	-	<b>55,637</b>	-	-	-	<b>55,637</b>
Right of use asset		-	-	-	-	-	19,947	<b>19,947</b>	-	-	-	<b>19,947</b>
Intangible assets	C6	790,551	-	-	-	-	-	<b>790,551</b>	-	-	-	<b>790,551</b>
<b>Total assets</b>		<b>921,621</b>	<b>912,132</b>	<b>102,835</b>	<b>2,991</b>	<b>25,704</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>
<b>LIABILITIES</b>												
Payables	C7	5,593	29,220	3,308	1,230	-	44,541	<b>83,892</b>	385	4,592	(194)	<b>88,675</b>
Provisions		2,417	-	-	-	-	1,660	<b>4,077</b>	-	-	-	<b>4,077</b>
Borrowings	C8	-	298,440	15,955	-	-	7,006	<b>321,401</b>	-	106,428	(1,187)	<b>426,642</b>
Provision for income tax		5,658	-	-	-	-	(4,662)	<b>996</b>	768	-	-	<b>1,764</b>
Interest rate swap at fair value		-	-	-	-	-	31,205	<b>31,205</b>	-	-	-	<b>31,205</b>
Benefit funds policy holders' liability		-	-	-	-	-	-	-	303,650	-	-	<b>303,650</b>
Deferred tax liability	B6(c)	90,074	-	-	-	-	4,238	<b>94,312</b>	6,260	-	-	<b>100,572</b>
Call/put option liability		-	-	-	-	-	22,690	<b>22,690</b>	-	-	-	<b>22,690</b>
Lease liability		-	-	-	-	-	21,757	<b>21,757</b>	-	-	-	<b>21,757</b>
<b>Total liabilities</b>		<b>103,742</b>	<b>327,660</b>	<b>19,263</b>	<b>1,230</b>	<b>-</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>1,761</b>	<b>25,704</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>



# Notes to the financial statements

For the year ended 30 June 2022

## C Assets and liabilities

### C2 RECEIVABLES

	NOTES	2022 \$'000	2021 \$'000
Receivables from related parties	C2(a)	92,342	63,252
Other receivables <sup>(i)</sup>		21,047	31,007
Contract assets - development		98	32,938
		<b>113,487</b>	<b>127,197</b>

(i) Prior year other receivables includes \$16,400,000 of receivables from the sale of Vitalharvest shares.

All receivables are current except for \$11,013,000 of performance fees receivable which are non-current. These are located in Note C2(a).

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:

	2022 \$	2021 \$
Performance fees owing from property funds managed by Centuria	35,863,456	24,296,035
Management fees owing from property funds managed by Centuria	26,216,186	13,772,263
Loan receivable from Centuria Government Income Property Fund	-	11,248,798
Recoverable expenses owing from property funds managed by Centuria	16,825,906	5,913,021
Distribution receivable from Centuria Industrial REIT	4,373,677	3,941,846
Distribution receivable from Centuria Office REIT	3,780,375	3,336,852
Deposits receivable from property funds managed by Centuria	3,757,900	-
Distribution receivable from unlisted property funds managed by Centuria	1,238,847	743,345
Sales fees owing from property funds managed by Centuria	286,032	-
	<b>92,342,379</b>	<b>63,252,160</b>

#### 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.

### C3 FINANCIAL ASSETS

	NOTES	2022 \$'000	2021 \$'000
Investments in trusts, shares and other financial instruments at fair value		242,834	271,911
Investment in related party unit trusts at fair value	C3(a)	608,729	664,304
Loans receivable from related parties <sup>(i)</sup>		70,045	-
Reverse mortgage receivables <sup>(ii)</sup>		40,084	54,309
		<b>961,692</b>	<b>990,524</b>

Financial assets are classified as non-current assets.

(i) The loan receivable from Centuria NZ Healthcare Property Fund accrues interest at 4.75% per annum and does not have an expiry date.

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

#### (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.

	2022			2021		
	FAIR VALUE \$	UNITS HELD	OWNERSHIP %	FAIR VALUE \$	UNITS HELD	OWNERSHIP %
<b>FINANCIAL ASSETS HELD BY THE GROUP</b>						
Centuria Industrial REIT	284,076,307	101,094,771	15.92%	344,998,908	92,741,642	16.81%
Centuria Office REIT	154,858,724	91,093,367	15.25%	189,290,479	80,893,367	15.72%
Centuria NZ Industrial Fund	39,932,013	25,015,037	10.00%	48,584,204	39,279,014	16.10%
Centuria Healthcare Direct Medical Fund No.2	25,483,689	18,673,473	12.04%	16,386,598	16,991,495	11.08%
Prime Healthcare Holding Trust	21,500,000	21,500,000	10.00%	-	-	0%
Asset Plus Limited	17,329,033	72,507,288	19.99%	21,915,324	72,507,288	19.99%
Matrix Trust	11,092,900	9,313,938	5.00%	5,892,821	5,106,431	5.00%
Dragon Hold Trust	9,696,223	969,622,257	10.00%	1,500,000	1,500,000	10.00%
Primewest Agricultural Trust No. 2	6,775,000	6,775,000	19.81%	-	-	0%
Centuria NZ Property Fund	5,224,905	5,000,000	6.27%	3,645,664	3,850,000	10.00%
Pialba Place Trust	4,375,331	5,129,345	23.32%	3,908,561	5,129,345	23.32%
Centuria Healthcare Aged Care Property Fund No.1	2,954,165	5,513,559	9.21%	2,948,651	5,513,559	9.21%
Primewest Large Format Retail Trust No. 2	3,407,301	3,097,546	7.29%	2,439,720	2,430,000	6.64%
Centuria NZ Healthcare Property Fund	4,997,192	5,734,989	13.15%	-	-	0%

# Notes to the financial statements

For the year ended 30 June 2022

## C Assets and liabilities

	2022			2021		
	FAIR VALUE \$	UNITS HELD	OWNERSHIP %	FAIR VALUE \$	UNITS HELD	OWNERSHIP %
Centuria Government Income Property Fund	643,539	643,539	0.64%	-	-	0%
Primewest 251 St Georges Terrace Trust	101,300	100,000	0.26%	104,126	104,126	0.27%
Centuria 25 Grenfell Street Fund	40,010	40,010	0.08%	-	-	0%
Centuria Scarborough House Fund	-	-	0%	105,921	102,836	0.22%
Albany Brooks Gardens Trust	-	-	0%	422,950	275,000	1.60%
	<b>592,487,632</b>			<b>642,143,927</b>		
<b>FINANCIAL ASSETS HELD BY THE BENEFIT FUNDS</b>						
Centuria Office REIT	11,502,742	6,766,319	1.32%	15,875,494	6,784,399	1.32%
Centuria Industrial REIT	3,597,699	1,280,320	0.25%	5,137,580	1,381,070	0.25%
Centuria SOP Fund	1,140,900	1,000,000	3.28%	1,147,200	1,000,000	3.28%
	<b>16,241,341</b>			<b>22,160,274</b>		
	<b>608,728,973</b>			<b>664,304,201</b>		

### Related party unit trusts carried at fair value through profit and loss

	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000
Opening balance	664,304	440,529
Investment purchases	160,789	126,584
Acquisition of subsidiary	-	14,366
Carrying value transferred from controlled property funds	-	9,860
Disposal	(80,478)	(16,604)
Foreign currency translation	(2,448)	(145)
Fair value gain/(loss)	(146,692)	89,714
Carrying value transferred from/(to) equity accounted investments	13,254	-
	<b>608,729</b>	<b>664,304</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.

#### (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.

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.



# Notes to the financial statements

For the year ended 30 June 2022

## C Assets and liabilities

### (iii) Financial assets at fair value through profit and loss

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.

### C4 INVESTMENT PROPERTIES

PROPERTY	2022 \$'000	2021 \$'000	ASSET TYPE	2022 CAPITALI- SATION RATE %	2022 DISCOUNT RATE %	2022 VALUER
264 Copelands Rd, Warragul VIC	177,000	-	Agriculture	5.6	7.5	Knight Frank
111 St George Terrace, Perth WA	160,500	159,000	Office	6.5	6.8	Cushman Wakefield
Foundation Place, QLD	-	31,500		-	-	
60 Investigator Drive, Robina QLD	-	7,250		-	-	
26 Westbrook Parade, Ellenbrooke WA	-	5,220		-	-	
40 John Rice Avenue, Elizabeth Vale SA	-	5,170		-	-	
<b>Total fair value</b>	<b>337,500</b>	<b>208,140</b>				

Investment properties are classified as non-current.

	2022 \$'000	2021 \$'000
Opening balance	208,140	167,110
Capital improvements and associated costs	385	356
Gain/(loss) on fair value	2,251	5,712
Change in deferred rent and lease incentives	(1,136)	(2,068)
Deconsolidation of controlled property funds*	(49,140)	(12,110)
Acquisition of subsidiary	177,000	49,140
<b>Closing balance^</b>	<b>337,500</b>	<b>208,140</b>

\* Primewest Property Income Fund (PPIF) was deconsolidated from the Group on 31 October 2021.

^ The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees amounting to \$10,577,700 (30 June 2021: \$10,575,100).

### Key estimate and judgements

#### (a) Recognition and measurement

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.

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

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.

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.

# Notes to the financial statements

For the year ended 30 June 2022

## C Assets and liabilities

### (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 INCREASE IN INPUT	FAIR VALUE MEASUREMENT SENSITIVITY TO DECREASE IN INPUT	RANGE OF INPUTS FY22	RANGE OF INPUTS FY21
Market rent	Increase	Decrease	\$28 psm to \$598 psm	\$572 psm to \$593 psm
Capitalisation rate	Decrease	Increase	5.6% to 6.5%	6.0% to 6.5%
Discount rate	Decrease	Increase	5.6% to 7.5%	6.4% to 6.8%

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 2022 \$'000	CAPITALISATION -0.25% \$'000	RATE IMPACT +0.25% \$'000	FAIR VALUE AT 30 JUNE 2021 \$'000	CAPITALISATION -0.25% \$'000	RATE IMPACT +0.25% \$'000
Investment properties	337,500	14,620	(13,444)	208,140	8,141	(7,549)

### C5 INVENTORY

	NOTE	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000
Property held for development	C5(a)	45,679	53,744
Properties held for sale	C5(b)	89,104	-
		<b>134,783</b>	<b>53,744</b>

Property held for sale are classified as current.

Other than 54 Cook Street, Auckland, property held for development are classified as non-current.

#### (a) Property held for development

PROPERTY	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000
54 Cook St, Auckland New Zealand	24,174	20,905
17-19 Man St, Queenstown New Zealand	14,447	11,263
741 Cudgen Rd, Cudgen Australia	5,648	-
27-29 Young St, West Gosford Australia	1,410	1,295
209 Kotham Rd, Victoria Australia	-	20,281
	<b>45,679</b>	<b>53,744</b>

PROPERTY	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000
Opening balance	53,744	31,295
Capital expenditure	16,390	2,611
Foreign currency translation	(1,429)	(162)
Acquisitions	11,025	20,000
Disposals <sup>(i)</sup>	(30,062)	-
Impairment	(3,989)	-
	<b>45,679</b>	<b>53,744</b>

(i) Disposals for the period include 209 Kotham Road, Victoria and 57 Wyatt Street, South Australia.

### 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.

#### (b) Properties held for sale

On 31 March 2022, the Group acquired 13 healthcare properties from Heritage Lifecare for NZ\$98,700,000. The properties were funded in combination from free cash and a secured asset facility. On 19 April 2022, the Group acquired 25 healthcare properties from Heritage Lifecare which was onsold to Centuria New Zealand Healthcare Property Fund (CNZHPF) on 20 April 2022. As at 30 June 2022, the Group has a loan receivable of \$70,044,755 with CNZHPF.

	JUNE 2022 \$'000	JUNE 2021 \$'000
16 Anvers Pl, Christchurch (Hoon Hay Rest Home)	12,794	-
1 Hennessy Pl, Christchurch (George Manning)	12,485	-
10 Danvers St, Hastings (Waiapu Lifecare)	11,382	-
202 - 204 Kamo Rd, Whangarei (Puriri Court Lifecare)	10,707	-
69 Moehau St, Te Puke (Carter House Lifecare)	8,603	-
51 Botanical Rd, Tauranga (Hodgson House Lifecare)	7,633	-
361 Mangorei Rd, New Plymouth (Riverside Lifecare)	6,397	-
50 McLauchlan St, Blenheim (Waterlea Lifecare)	6,176	-
117 Shakespeare St, West Coast (Granger House Lifecare)	6,088	-
1 Cargill St, Invercargill (Cargill Lifecare)	3,045	-
124 Maxwell Rd, Marlborough (Maxwell Lifecare)	2,118	-
15 Karina Trc, Palmerston (Karina Lifecare)	1,676	-
	<b>89,104</b>	<b>-</b>



# Notes to the financial statements

For the year ended 30 June 2022

## C Assets and liabilities

	JUNE 2022 \$'000	JUNE 2021 \$'000
Opening balance	-	-
Acquisitions	91,366	-
Foreign currency translation	(2,262)	-
	<b>89,104</b>	-

### Recognition and measurement

Properties held for sale 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 sale 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

	2022 \$'000	2021 \$'000
Goodwill	479,957	481,696
Indefinite life management rights	308,252	308,855
	<b>788,209</b>	<b>790,551</b>

	2022 \$'000	2021 \$'000
Opening balance	790,551	280,120
Acquired goodwill	-	319,216
Acquired indefinite life management rights	-	196,799
Foreign currency translation	(2,574)	29
Purchase price accounting adjustments	232	(5,613)
	<b>788,209</b>	<b>790,551</b>

Goodwill and intangible assets are classified as non-current.

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.

#### (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 2023 are based on the Board approved budget for 2023 and are assumed to increase at a rate of 7.5% (2021: 7.5%) per annum for years 2024-2027. The directors believe this is a prudent and achievable growth rate based on past experience.

#### Expenses

Expenses in 2023 are based on the budget for 2023 and are assumed to increase at a rate of 5.0% (2021: 5.0%) per annum for the years 2024-2027. 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 11.80% (2021: 9.37%) 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% (2021: 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 2022, the estimated recoverable amount of intangibles including goodwill relating to the property funds Management cash-generating unit exceeded its carrying amount by \$324,500,000 (2021: \$585,400,000). 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.

# Notes to the financial statements

For the year ended 30 June 2022

## C Assets and liabilities

	REVENUE GROWTH RATE (AVERAGE)	PRE-TAX DISCOUNT RATE	EXPENSES GROWTH RATE
Assumptions used in value in use calculation	7.50%	11.80%	5.00%
Rate required for recoverable amount to equal carrying value	1.82%	15.42%	12.26%

### C7 PAYABLES

	2022 \$'000	2021 \$'000
Sundry creditors <sup>(i) (ii)</sup>	63,825	22,550
Dividend/distribution payable <sup>(iii)</sup>	43,477	44,513
Accrued expenses	27,317	21,612
	<b>134,619</b>	<b>88,675</b>

(i) Sundry creditors are non-interest bearing liabilities and are payable on commercial terms of seven to 60 days.

(ii) Sundry creditors includes \$11,020,000 of deposits in transit in relation to the redemptions of Centuria 111 St Georges Terrace Fund that were allotted in July 2022, \$8,867,000 of cash held on behalf of PW (HICT) Pty Ltd in relation to tax payable on wind-up of fund and \$5,900,000 of cash in relation to applications for the Primewest Agricultural Trust No. 2.

(iii) Prior year includes the Primewest final distribution of \$11,500,000.

All trade and other payables are considered to be current as at 30 June 2022, 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	2022 \$'000	2021 \$'000
Secured listed redeemable notes	C8(a)	198,693	198,693
Fixed rate secured notes	C8(b)	99,388	29,366
Floating rate secured notes	C8(b)	96,650	66,650
Secured bank loans - New Zealand	C8(d)	44,417	7,440
Reverse mortgage bill facilities and notes	C8(c)	4,600	7,006
Secured bank loans in controlled property funds	C8(e)	190,239	106,505
Development facility	C8(f)	-	15,955
Borrowing costs capitalised		(4,602)	(4,973)
		<b>629,385</b>	<b>426,642</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.

### (b) Secured notes

FIXED	CLASSIFICATION	COUPON RATE	DUE DATE	TOTAL LIMIT \$'000	FACILITY AVAILABLE \$'000	2022 \$'000	2021 \$'000
Tranche 5	Non-current	5.00%	21 Apr 2024	29,388	-	29,388	29,366
Tranche 7	Non-current	5.46%	25 Mar 2025	70,000	-	70,000	-
				<b>99,388</b>	<b>-</b>	<b>99,388</b>	<b>29,366</b>

FLOATING	CLASSIFICATION	COUPON RATE	DUE DATE	TOTAL LIMIT \$'000	FACILITY AVAILABLE \$'000	2022 \$'000	2021 \$'000
Tranche 4	Current	BBSW +4.25%	21 Apr 2023	35,000	-	35,000	35,000
Tranche 6	Non-current	BBSW +4.50%	21 Apr 2024	31,650	-	31,650	31,650
Tranche 8	Non-current	BBSW +3.35%	25 Mar 2025	30,000	-	30,000	-
Revolver A	Non-current	BBSY +2.25%	16 Dec 2024	100,000	100,000	-	-
Revolver B	Non-current	BBSY +2.45%	30 Jun 2027	50,000	50,000	-	-
				<b>246,650</b>	<b>150,000</b>	<b>96,650</b>	<b>66,650</b>

The following facilities were entered into during the period.

On 16 December 2021, the Group entered into a three year \$100,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.25% which is due to mature on 16 December 2024.

In March 2022, the Group issued a \$70,000,000 three year senior secured medium term note (MTN) with a fixed coupon of 5.46% which is due to mature on 25 March 2025.

In April 2022, the Group issued a \$30,000,000 three year (MTN) with a floating coupon of 3.35% which is due to mature on 25 March 2025.

On 30 June 2022, the Group entered into a five year \$50,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.45% which is due to mature on 30 June 2027. The loan is a multi-currency facility allowing both AUD and NZD currencies.

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

As at 30 June 2022, the Group had \$4,600,000 (2021: \$7,006,000) 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 November 2023 and is classified as non-current as at 30 June 2022.

The facility limit as at 30 June 2022 is \$5,500,000 (2021: \$8,200,000) and is reassessed every six 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.



# Notes to the financial statements

For the year ended 30 June 2022

## C Assets and liabilities

FACILITY	2022 \$'000	2021 \$'000
Amount used at reporting date	5,500	8,200
Amount unused at reporting date	(4,600)	(7,006)
	<b>900</b>	<b>1,194</b>

### (d) Secured bank loans - New Zealand

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

On 30 March 2022, the Group entered into a 18-month NZ\$50,000,000 secured loan revolving facility. The facility is a floating rate revolving facility with a margin of 2.00% which is due to mature on 30 September 2023.

	CLASSIFICATION	MATURITY DATE	FACILITY LIMIT \$'000	FUNDS AVAILABLE \$'000	DRAW DOWN \$'000	BORROWING COSTS \$'000	TOTAL \$'000
<b>30 June 2022</b>							
New Zealand investment facility	Non-current	30 Nov 2023	10,823	10,823	-	-	-
New Zealand asset facility	Non-current	30 Sep 2023	45,094	677	44,417	-	44,417
							<b>44,417</b>
<b>30 June 2021</b>							
New Zealand investment facility	Non-current	30 Nov 2022	11,160	3,720	7,440	-	7,440
							<b>7,440</b>

### (e) 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 2022</b>							
Centuria 111 St Georges Terrace Fund	Non-current	30 Jun 2025*	90,000	5,957	84,044	-	84,044
264 Copelands Road (Warragul)	Non-current	13 Jan 2025	106,200	-	(5)	106,195	22,533
							<b>190,239</b>
<b>30 June 2021</b>							
Centuria 111 St Georges Terrace Fund	Current	30 Jun 2022	90,000	5,957	84,043	(148)	83,895
Primewest Property Income Fund**	Non-current	19 Feb 2024	22,600	-	22,600	(77)	22,533
							<b>106,428</b>

\*The maturity date was extended to 30 June 2025 on 25 July 2022.

\*\*Primewest Property Income Fund (PPIF) was deconsolidated from the Group on 31 October 2021.

### (f) Development facility

In 2021, the Group had drawn down amounts to fund its social affordable housing developments which were subsequently repaid in 2022.

### 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.

## C9 CALL/PUT OPTION LIABILITY

	2022 \$'000	2021 \$'000
Healthcare call/put option	48,695	22,690
Flavorite call/put option	35,400	-
	<b>84,095</b>	<b>22,690</b>
	2022 \$'000	2021 \$'000
Opening balance	22,690	17,167
Movement in fair value	26,005	5,523
New call/put option entered	35,400	-
	<b>84,095</b>	<b>22,690</b>

The Warragul call/put option liability is considered current and the healthcare call/put option is considered non-current as at 30 June 2022.

The healthcare call/put option liability relates to a simultaneous call option and put option over the remaining shares in Centuria Healthcare which are held by existing management shareholders of Centuria Healthcare. The call option is in favour of the Group, whilst the put option is in favour of the management shareholders. The options are exercisable five years from the date of completion of the initial acquisition of the 63% economic interest in Centuria Healthcare, with an exercise price equal to ten times EBIT for the last financial year prior to exercise of the option plus net tangible assets.

As at year end, the Group is party to a put and call option over the remainder 50% equity interest in Centuria Agriculture Fund (CAF) with the vendor being Flavorite HoldCo Pty Limited for \$35,400,000. This option was exercised subsequent to year end.

### Recognition and measurement

#### (i) Financial liabilities at fair value through profit or loss

The option liabilities are measured at fair value at recognition (including transaction costs, for assets and liabilities not measured at fair value through profit or loss). Subsequently at each reporting period, the Group measures the option liabilities at fair value with value changes recognised in profit or loss.

# Notes to the financial statements

For the year ended 30 June 2022

## C Assets and liabilities

### C10 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 Sq, Sydney NSW	10 years	5 years	4.0%
Level 32, 120 Collins St, Melbourne VIC	5 years	-	3.75%
Level 2, 348 Edward St, Brisbane QLD	5 years	-	3.5%
307 Murray St, Perth WA	5 years	5 years	4.0%
38-35 Gaunt St, Auckland NZ	8 years	-	2.5%
331-335 Devon St East, New Plymouth NZ	3 years	3 years	CPI

The current right of use asset is \$2,686,000 (2021: \$2,941,000) and the current lease liability is \$2,298,000 (2021: \$2,314,000). The remaining right of use asset and lease liability is classified as non-current.

RIGHT OF USE ASSET	2022 \$'000	2021 \$'000
Opening balance	19,947	21,393
Depreciation on right of use asset	(2,941)	(2,404)
Acquisition of subsidiary balance	-	958
	<b>17,006</b>	<b>19,947</b>

LEASE LIABILITY	2022 \$'000	2021 \$'000
Opening balance	21,757	22,564
Cash lease payments	(3,350)	(2,962)
Finance lease interest	1,036	1,123
Acquisition of subsidiary balance	-	1,032
	<b>19,443</b>	<b>21,757</b>

### C11 CONTRIBUTED EQUITY

	2022		2021	
CENTURIA CAPITAL LIMITED	NO. OF SECURITIES	\$'000	NO. OF SECURITIES	\$'000
Balance at beginning of the period	787,802,693	386,634	509,998,482	177,149
Equity settled share based payments expense	2,367,418	981	1,921,149	1,482
Change in value of units issued	-	236	-	-
Stapled securities issued	2,617,009	2,039	275,883,062	209,208
Cost of equity raising	-	(173)	-	(1,205)
<b>Balance at end of period</b>	<b>792,787,120</b>	<b>389,717</b>	<b>787,802,693</b>	<b>386,634</b>

	2022		2021	
CENTURIA CAPITAL FUND (NON-CONTROLLING INTERESTS)	NO. OF SECURITIES	\$'000	NO. OF SECURITIES	\$'000
Balance at beginning of the period	787,802,693	1,018,822	509,998,482	545,744
Equity settled share based payments expense	2,367,418	-	1,921,149	-
Stapled securities issued	2,617,009	6,636	275,883,062	475,185
Cost of equity raising	-	(344)	-	(2,107)
Change in value of units issued	-	470	-	-
<b>Balance at end of the period</b>	<b>792,787,120</b>	<b>1,025,584</b>	<b>787,802,693</b>	<b>1,018,822</b>

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

The Fund issued 2,617,009 stapled securities on 9 February 2022 in relation to the distribution reinvestment plan undertaken for the 2022 interim distribution.

### 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.

### C12 COMMITMENTS AND CONTINGENCIES

#### Australian guarantees

The Group has provided bank guarantees of \$3,334,153 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.

#### Capital commitments

At 30 June 2022, the Company has committed up to a further NZ\$11,250,000 of capital over approximately the next 9 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\$720,000 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\$2,600,000 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.



# Notes to the financial statements

For the year ended 30 June 2022

## D Cash flows

### D1 OPERATING SEGMENT CASH FLOWS<sup>(i)</sup>

FOR THE YEAR ENDED 30 JUNE 2022	2022 \$'000	2021 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Management fees received	204,593	100,765
Performance fees received	20,829	1,772
Distributions received	48,791	35,021
Interest received	4,862	1,483
Cash received on development projects	48,511	43,866
Rent received	1,951	240
Payments to suppliers and employees	(109,016)	(129,500)
Income tax paid	(18,727)	(7,438)
Interest paid	(19,727)	(11,626)
<b>Net cash provided by operating activities</b>	<b>182,067</b>	<b>34,583</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of related party investments	77,299	13,908
Purchase of investments in related parties	(198,790)	(128,662)
Repayment of loans by related parties	20,216	6,702
Loans to related parties	(94,255)	3,750
Purchase of equity accounted investments	(20,537)	(26,089)
Payments for plant and equipment	(2,697)	(343)
Cash balance on acquisition of subsidiaries	-	97,841
Purchase of subsidiaries	(89,070)	(26,977)
Receipts/purchase of property held for development	12,086	(22,621)
Collections from reverse mortgage holders	2,551	888
Proceeds from sale of investments	4,737	1,047
Proceeds from sale of equity accounted investments	8,324	5,000
Cash paid on acquisition of Primewest Group	-	(78,019)
<b>Net cash used in investing activities</b>	<b>(280,136)</b>	<b>(153,575)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of securities	8,300	133,073
Equity raising costs paid	(328)	(2,611)
Proceeds from borrowings	142,353	241,900

FOR THE YEAR ENDED 30 JUNE 2022	2022 \$'000	2021 \$'000
Repayment of borrowings	(23,395)	(98,620)
Costs paid to issue debt	(1,900)	(2,187)
Distributions paid	(90,524)	(52,124)
<b>Net cash provided by financing activities</b>	<b>34,506</b>	<b>219,431</b>
<b>Net increase in operating cash and cash equivalents</b>	<b>(63,563)</b>	<b>100,439</b>
Cash and cash equivalents at the beginning of the period	249,637	149,461
Effects of exchange rate changes on cash and cash equivalents	(1,075)	(263)
<b>Cash and cash equivalents at the end of the period</b>	<b>184,999</b>	<b>249,637</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 pages 108-109 for the full statutory cash flow statement of the Group.

### D2 CASH AND CASH EQUIVALENTS

Included in total cash and cash equivalents of \$200,565,000 (2021: \$273,351,000) is \$10,513,039 (2021: \$1,828,994) 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

	2022 \$'000	2021 \$'000
<b>Profit for the year</b>	<b>(37,361)</b>	<b>149,639</b>
<b>ADJUSTMENTS FOR:</b>		
Depreciation and amortisation	4,179	3,731
Non-cash development income	(1,498)	(11,417)
Share-based payment expense	5,010	3,058
Amortisation of borrowing costs	2,195	2,628
Non-cash performance and sales fees	(14,015)	(16,297)
Fair value movement of financial assets	186,643	(96,443)
Interest revenue from reverse mortgages	(2,746)	(2,744)
Interest expense reverse mortgage facility	1,966	1,522
Equity accounted profit in excess of distribution paid	612	(1,601)
Unrealised foreign exchange loss	3,558	112
Unrealised (gain)/loss on investment properties	3,741	(7,554)
Amortisation of lease incentives	1,789	1,881



# Notes to the financial statements

For the year ended 30 June 2022

## D Cash flows

	2022 \$'000	2021 \$'000
Costs paid for debt issuance	1,901	4,877
Provision for doubtful debts	28	-
Finance lease interest	1,036	1,210
<b>CHANGES IN NET ASSETS AND LIABILITIES:</b>		
<b>(Increase)/decrease in assets:</b>		
Receivables	25,095	1,912
Deferred tax assets	(2,205)	(1,212)
<b>Increase/(decrease) in liabilities:</b>		
Other payables	38,653	(5,939)
Tax provision	3,240	(5,399)
Deferred tax liability	(18,179)	12,484
Provisions	1,051	(3,701)
Policyholder liability	(33,092)	(7,885)
<b>Net cash flows provided by operating activities</b>	<b>171,601</b>	<b>22,862</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.



UNLISTED: VERMONT SOUTH MEDICAL CENTRE, VERMONT SOUTH VIC



# Notes to the financial statements

For the year ended 30 June 2022

## E Group structure

### E1 INTERESTS IN ASSOCIATES AND JOINT VENTURES

NAME OF ENTITY	% OF OWNERSHIP INTEREST		PRINCIPAL ACTIVITY	CARRYING AMOUNT	
	30 JUNE 2022 %	30 JUNE 2021 %		30 JUNE 2022 \$'000	30 JUNE 2021 \$'000
Centuria Diversified Property Fund	22.38	20.40	Property investment	39,021	28,144
Centuria Bass Credit	50.00	50.00	Non-bank finance	25,765	25,704
QT Lakeview Developments Limited	25.00	25.00	Property investment	2,240	1,789
Centuria Government Income Property Fund No.2	22.03	0.00	Property investment	7,743	-
<b>Total equity accounted investments</b>				<b>74,769</b>	<b>55,637</b>

Equity accounted investments are classified as non-current.

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 three-hectare site on a staged basis, with construction estimated to take more than 10 years and phased over seven 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 which offers non-banking finance for real estate secured transactions including land sub-division, development projects, bridging finance and residual stock.

In November 2021, the Group acquired 32.17% ownership stake in the Centuria Government Income Property Fund No. 2. From that date, the Group has equity accounted its interest in that fund. The ownership stake decreased to 22.03% at 30 June 2022.

On 27 May 2022, Centuria Diversified Property Fund (CDPF) and Primewest Property Income Fund (PPIF) were stapled together. After the stapling, the Group's residual combined ownership stake is 22.38% as at 30 June 2022. PPIF was previously consolidated by the Group and was subsequently deconsolidated from the Group on 31 October 2021.

	CENTURIA DIVERSIFIED PROPERTY FUND - STAPLED \$'000	CENTURIA DIVERSIFIED PROPERTY FUND - PRE \$'000	PRIMEWEST PROPERTY INCOME \$'000	CENTURIA BASS CREDIT \$'000	CENTURIA GOVERN- MENT INCOME PROPERTY FUND NO. 2 \$'000	QT LAKEVIEW DEVELOP- MENTS LIMITED \$'000	PRIMEWEST AGRI- CULTURAL TRUST NO. 2 \$'000	CENTURIA NEW ZEALAND PROPERTY FUND \$'000	CENTURIA NEW ZEALAND HEALTH-CARE PROPERTY FUND \$'000	TOTAL \$'000
<b>CARRYING AMOUNTS OF EQUITY ACCOUNTED INVESTMENTS</b>										
Opening balance as at 1 July 2021	-	28,144	-	25,704	-	1,789	-	-	-	55,637
Acquisition of investments	-	-	-	-	12,424	405	10,325	-	5,227	28,381
Carrying value transferred from controlled property funds	-	-	12,827	-	-	-	-	15,080	-	27,907
Share of net profit/(loss) after tax	(565)	1,539	1,007	2,911	429	-	1,780	-	-	7,101
Distributions received/receivable	(175)	(3,421)	(403)	(2,850)	(336)	-	(528)	-	-	(7,713)
Carrying value transferred from/(to) financial assets	-	-	-	-	-	-	(8,027)	(15,080)	(5,227)	(28,334)
Disposals	-	-	-	-	(4,774)	-	(3,550)	-	-	(8,324)
Fair value gain/(loss)	-	(94)	162	-	-	46	-	-	-	114
Stapling of CDPF and PPIF	39,761	(26,168)	(13,593)	-	-	-	-	-	-	-
<b>Closing balance as at 30 June 2022</b>	<b>39,021</b>	<b>-</b>	<b>-</b>	<b>25,765</b>	<b>7,743</b>	<b>2,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,769</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 - PRE STAPLED \$'000	CENTURIA BASS CREDIT \$'000	QT LAKEVIEW DEVELOPMENTS LIMITED \$'000	TOTAL \$'000
<b>CARRYING AMOUNTS OF EQUITY ACCOUNTED INVESTMENTS</b>				
Opening balance as at 1 July 2020	31,830	-	1,125	32,955
Acquisition of investments	-	25,418	671	26,089
Share of net profit/(loss) after tax	2,784	286	-	3,070
Distributions received/receivable	(1,470)	-	-	(1,470)
Disposal	(5,000)	-	-	(5,000)
Foreign exchange translation	-	-	(7)	(7)
<b>Closing balance as at 30 June 2021</b>	<b>28,144</b>	<b>25,704</b>	<b>1,789</b>	<b>55,637</b>

# Notes to the financial statements

For the year ended 30 June 2022

## E Group structure

### (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.

	CENTURIA DIVERSIFIED PROPERTY FUND <sup>(i)</sup>		CENTURIA BASS CREDIT		CENTURIA GOVERNMENT INCOME PROPERTY FUND NO. 2		QT LAKEVIEW DEVELOPMENTS PTY LTD		TOTAL	
SUMMARISED BALANCE SHEET	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000
Cash and cash equivalents	10,121	11,868	17,046	19,079	1,557	-	-	-	28,724	30,947
Other current assets	12,086	2,099	9,012	598	1,958	-	-	-	23,056	2,697
<b>Total current assets</b>	<b>22,207</b>	<b>13,967</b>	<b>26,058</b>	<b>19,677</b>	<b>3,515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,780</b>	<b>33,644</b>
Other non-current assets	244,914	180,742	256,889	96,081	62,814	-	8,190	7,156	572,807	283,979
<b>Total non-current assets</b>	<b>244,914</b>	<b>180,742</b>	<b>256,889</b>	<b>96,081</b>	<b>62,814</b>	<b>-</b>	<b>8,190</b>	<b>7,156</b>	<b>572,807</b>	<b>283,979</b>
Other current liabilities	8,196	5,767	10,439	1,788	973	-	-	-	19,608	7,555
<b>Total current liabilities</b>	<b>8,196</b>	<b>5,767</b>	<b>10,439</b>	<b>1,788</b>	<b>973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,608</b>	<b>7,555</b>
Borrowings	99,237	65,150	-	6	30,585	-	-	-	129,822	65,156
Other non-current liabilities	-	-	266,923	110,532	-	-	-	-	266,923	110,532
<b>Total non-current liabilities</b>	<b>99,237</b>	<b>65,150</b>	<b>266,923</b>	<b>110,538</b>	<b>30,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>396,745</b>	<b>175,688</b>
<b>Net tangible assets</b>	<b>159,688</b>	<b>123,792</b>	<b>5,585</b>	<b>3,432</b>	<b>34,771</b>	<b>-</b>	<b>8,190</b>	<b>7,156</b>	<b>208,234</b>	<b>134,380</b>
<b>Fund's share in %</b>	<b>22.38%</b>	<b>20.44%</b>	<b>50.00%</b>	<b>50.00%</b>	<b>22.03%</b>	<b>-</b>	<b>25.00%</b>	<b>25.00%</b>		
Fund's share	35,738	25,303	2,797	1,716	7,658	-	2,047	1,789		
Goodwill	3,283	2,841	22,968	23,988	85	-	193	-		
<b>Carrying amount</b>	<b>39,021</b>	<b>28,144</b>	<b>25,765</b>	<b>25,704</b>	<b>7,743</b>	<b>-</b>	<b>2,240</b>	<b>1,789</b>		

(i) The 30 June 2022 profit and loss represents the stapled CDPF fund and the prior year profit and loss represents the pre-stapled CDPF fund.

	CENTURIA DIVERSIFIED PROPERTY FUND <sup>(i)</sup>		CENTURIA BASS CREDIT		CENTURIA GOVERNMENT INCOME PROPERTY FUND NO. 2		QT LAKEVIEW DEVELOPMENTS PTY LTD		TOTAL	
SUMMARISED STATEMENT OF COMPREHENSIVE INCOME	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000	30 JUNE 2022 \$'000	30 JUNE 2021 \$'000
Revenue	6,977	13,912	15,569	16,126	2,394	-	-	-	24,940	30,038
Net (loss)/gain on fair value of investment properties and other investments	(390)	(1,125)	-	-	(1,871)	-	-	-	(2,261)	(1,125)
Gain/(loss) on fair value of investments	1,311	9,920	-	-	2,106	-	-	-	3,417	9,920
Finance costs	(1,209)	(1,388)	(272)	(13)	(385)	-	-	-	(1,866)	(1,401)
Other expenses	(4,603)	(5,409)	(9,475)	(11,222)	(821)	-	-	-	(14,899)	(16,631)
<b>Profit/(loss) for the period</b>	<b>2,086</b>	<b>15,910</b>	<b>5,822</b>	<b>4,891</b>	<b>1,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,331</b>	<b>20,801</b>
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income/loss)</b>	<b>2,086</b>	<b>15,910</b>	<b>5,822</b>	<b>4,891</b>	<b>1,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,331</b>	<b>20,801</b>

(i) The 30 June 2022 profit and loss represents the stapled CDPF fund and the prior year profit and loss represents the pre-stapled CDPF fund.



# Notes to the financial statements

For the year ended 30 June 2022

## E Group structure

### E2 INTERESTS IN SUBSIDIARIES

The Group's principal subsidiaries at 30 June 2022 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.

AUSTRALIAN SUBSIDIARIES	OWNERSHIP INTEREST %	
	30 JUNE 2022	30 JUNE 2021
Centuria Capital Fund	0% (100% NCI)	0% (100% NCI)
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 Capital No. 8 Fund	100%	-
Centuria Lane Cove Debt Fund	100%	100%
Centuria 111 St Georges Terrace Fund	42%	42%
Centuria Agriculture Fund I	50%	-
Centuria Agriculture Fund II	100%	-
Centuria Agri Logistics I REIT	100%	-
Centuria ALRI (A) Trust	100%	-
Centuria ALRI (B) Trust	100%	-
Centuria ALRI (C) Trust	100%	-
Centuria ALRIII (A) Trust	50%	-
Cudgen Health Precinct SPV Trust	50.1%	-
Primewest Property Fund	100%	100%
Primewest USA Trust	100%	100%
Primewest 140 St Georges Terrace Fund	100%	100%
Primewest Property Income Fund	-	48%

AUSTRALIAN SUBSIDIARIES	OWNERSHIP INTEREST %	
	30 JUNE 2022	30 JUNE 2021
Senex Warehouse Trust No. 1	100%	100%
80 Grenfell Street Pty Ltd	100%	100%
A.C.N. 062 671 872 Pty Limited	100%	100%
Ahnco Pty Ltd*	64%	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%	100%
Centuria 61-67 Wyatt St Pty Limited	100%	100%
Centuria 80 Flinders Street Pty Limited	100%	100%
Centuria Agri Logistics Pty Limited	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 Tweed Valley Developments Pty Limited	100%	-
Centuria Employee Share Fund Pty Ltd	100%	100%
Centuria Finance Pty Ltd	100%	100%
Centuria Funds Management Limited	100%	100%
Cudgen Health Precinct Pty Limited	50.1%	-
Centuria Healthcare Asset Management Limited*	64%	63%
Centuria Healthcare Asset Management Nominee 1 Pty Ltd*	64%	63%
Centuria Healthcare Energy Company Pty Ltd*	64%	63%
Centuria Healthcare Funds Distributions Limited*	64%	63%
Centuria Healthcare Investments Pty Ltd*	64%	63%
Centuria Healthcare Property Services Pty Limited*	64%	63%

# Notes to the financial statements

For the year ended 30 June 2022

## E Group structure

AUSTRALIAN SUBSIDIARIES	OWNERSHIP INTEREST %	
	30 JUNE 2022	30 JUNE 2021
Centuria Healthcare Pty Ltd	64%	63%
Centuria Healthcare Developments Pty Ltd*	64%	63%
Centuria IM Agri No. 1 Pty Limited	100%	-
Centuria IM Agri No. 2 Pty Limited	100%	-
Centuria Industrial Property Services Pty Ltd	100%	100%
Centuria Institutional Investments No. 3 Pty Limited	100%	100%
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%	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%	100%
Centuria Investment Management (Property) No. 2 Pty Ltd	100%	100%
Centuria Investment Management (Property) No. 3 Pty Ltd	100%	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%	100%
Centuria SubCo Pty Limited	100%	100%
CHPF 1 Pty Ltd	100%	100%
CHPF 2 Pty Ltd	100%	100%
CHPF 3 Pty Ltd	100%	100%
CHPF Cairns Pty Ltd	100%	100%
CHPF Kallangur Pty Ltd	100%	100%

AUSTRALIAN SUBSIDIARIES	OWNERSHIP INTEREST %	
	30 JUNE 2022	30 JUNE 2021
CHPF South Bunbury Pty Ltd	100%	100%
Crestway Nominees Pty Ltd	100%	100%
Forrestdale Home Pty Ltd	100%	100%
Fromnex Pty Limited	31.5%	31.5%
Heathley Finance Company Pty Ltd*	64%	63%
Heathley Funds Management Pty Ltd*	64%	63%
Heathley Investor Services Pty Limited*	64%	63%
Heathley Nominees Pty Ltd*	64%	63%
Just across the river Pty Ltd	100%	100%
Mainriver Holdings Pty Ltd	100%	100%
More than meets the eye Pty Ltd	100%	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%	100%
Primewest (1060 Hay Street) Pty Ltd	100%	100%
Primewest (15 Ogilvie Road) Pty Ltd	100%	100%
Primewest (307 Murray Street) Pty Ltd	100%	100%
Primewest (359 Scarb Beach Road) Pty Ltd	100%	100%
Primewest (380 Scarborough Beach Road) Pty Ltd	100%	100%
Primewest (380A Scarborough Beach Road) Pty Ltd	100%	100%
Primewest (382 Scarborough Beach Road) Pty Ltd	100%	100%
Primewest (384 Scarborough Beach Road) Pty Ltd	100%	100%
Primewest (511 Abernethy Road) Pty Ltd	100%	100%
Primewest (607 Bourke Street) Pty Ltd	100%	100%
Primewest (616 St Kilda Road) Pty Ltd	100%	100%
Primewest (Australia Place) Pty Ltd	100%	100%
Primewest (Busselton) Pty Ltd	100%	100%



# Notes to the financial statements

For the year ended 30 June 2022

## E Group structure

AUSTRALIAN SUBSIDIARIES	OWNERSHIP INTEREST %	
	30 JUNE 2022	30 JUNE 2021
Primewest (Cannington) Pty Ltd	100%	100%
Primewest (Cottesloe Central) Pty Ltd	100%	100%
Primewest (Erskine) Pty Ltd	100%	100%
Primewest (Gauge Circuit) Pty Ltd	100%	100%
Primewest (Hillbert Rd) Pty Ltd	100%	100%
Primewest (Joondalup House) Pty Ltd	100%	100%
Primewest (Lot 4 Davidson Street Kalgoorlie) Pty Ltd	100%	100%
Primewest (Melville) Pty Ltd	100%	100%
Primewest (Neerabup) Pty Ltd	100%	100%
Primewest (Northlands) Pty Ltd	100%	100%
Primewest (Osborne Park) Pty Ltd	100%	100%
Primewest (Wattleup) Pty Ltd	100%	100%
Primewest Agrichain Management Pty Ltd	100%	100%
Primewest Corporate Holdings Pty Limited	100%	100%
Primewest Enterprises Pty Ltd	100%	100%
Primewest Funds Ltd	100%	100%
Primewest Group Limited	100%	100%
Primewest Management Ltd	100%	100%
Primewest P/Q Pty Ltd	100%	100%
Primewest Real Estate Pty Ltd	100%	100%
Primewest USA Holdings Pty Ltd	100%	100%
Primwest (135 Clayton Street) Pty Limited	100%	100%
PWG Property Pty Ltd	100%	100%
Riodell Holdings Pty Ltd	100%	100%
Stead Road Pty Ltd	100%	100%
Teewana Farm Pty Ltd	100%	100%

NEW ZEALAND SUBSIDIARIES	OWNERSHIP INTEREST %	
	30 JUNE 2022	30 JUNE 2021
Centuria Capital (NZ) Limited (formerly Centuria New Zealand Holdings Limited)	100%	100%
Centuria Capital (NZ) No. 1 Limited (formerly Augusta Capital Limited)	100%	100%
Centuria Capital (NZ) No. 2 Limited (formerly Augusta Capital No. 1 Limited)	100%	100%
Centuria Funds Management (NZ) Limited (formerly Augusta Funds Management Limited)	100%	100%
Centuria Lakeview Holdings Limited (formerly Augusta Lakeview Holdings Limited)	100%	100%
Centuria Property Holdco Limited (formerly Augusta Property Holdco Limited)	100%	100%

SINGAPORE SUBSIDIARIES		
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.

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 by 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.



# Notes to the financial statements

For the year ended 30 June 2022

## E Group structure

### E3 PARENT ENTITY DISCLOSURE

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

	2022 \$'000	2021 \$'000
<b>RESULT OF PARENT ENTITY</b>		
Profit or loss for the year	23,561	28,258
Total comprehensive income for the year	23,561	28,258
<b>FINANCIAL POSITION OF PARENT ENTITY AT YEAR END</b>		
Total assets	1,147,511	847,907
Total liabilities	(465,339)	(179,578)
<b>Net assets</b>	<b>682,172</b>	<b>668,329</b>

The parent entity classifies its assets and liabilities 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.

	2022 \$'000	2021 \$'000
<b>TOTAL EQUITY OF THE PARENT ENTITY COMPRISING OF:</b>		
Share capital	389,716	386,633
Share-based incentive reserve	8,931	4,898
Retained earnings/(loss)	283,526	276,798
<b>Total equity</b>	<b>682,173</b>	<b>668,329</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.



243 BRADMAN STREET, ACACIA RIDGE QLD



# Notes to the financial statements

For the year ended 30 June 2022

## 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 70 to 98.

	2022	2021
Performance rights outstanding at the beginning of the year	8,960,099	7,090,373
Performance rights granted during the year	3,196,360	3,861,014
Performance rights vested during the year	(2,297,578)	(1,991,288)
Performance rights outstanding at the end of the year	9,858,881	8,960,099

The performance objectives for 2,801,507 of the performance rights issued under Tranche 7 were partially met as at 30 June 2022. As a result, 700,377 of these rights will vest on 31 August 2022.

#### (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 7	TRANCHE 8	TRANCHE 9
Expected vesting date	31 Aug 2022	31 Aug 2023	31 Aug 2024 and 2 Aug 2025
Share price at the grant date	\$2.13	\$2.51 and \$2.37	\$3.13 - \$3.25
Expected life	2.9 years	2.8 years	2.8 - 4.1 years
Volatility	18%	26%	26%
Risk free interest rate	0.76%	0.11% and 0.12%	0.11% and 0.86%
Dividend yield	4.5%	4.2%	3.8%

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

PERFORMANCE CONDITION	TRANCHE 7	TRANCHE 8	TRANCHE 9
Growth in FUM	\$1.87	-	-
Absolute TSR	\$0.79	\$1.29 and \$1.10 <sup>(i)</sup>	\$1.85 to \$2.15 <sup>(iii)</sup>
Relative TSR	-	\$1.75 and \$1.58 <sup>(ii)</sup>	\$1.16 to \$1.32 <sup>(iv)</sup>

(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.

(iii) \$1.85 and \$1.92 for Chief Executive Officers, \$1.98 and \$2.05 for senior executive committee members and \$2.15 for other employees.

(iv) \$1.16 and \$1.18 for Chief Executive Officers, \$1.19 and \$1.23 for senior executive committee members and \$1.32 for other employees.

During the year, share based payment expenses were recognised of \$5,010,000 (2021: \$3,058,000).

#### 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 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.

Centuria Group has various investment committees to oversee the relevant entity’s investment and portfolio management practices to ensure they are in line with the risk and return requirements of its investors, as well as ensuring that investment decisions are made in accordance with the appropriate regulatory requirements. The Centuria Life investment committee in particular monitor fund rules and target achieving the long term strategic objectives of investors.

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.

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.

# Notes to the financial statements

For the year ended 30 June 2022

## F Other

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.

From time to time, the Group outsources certain parts of the investment management of the Benefit Funds to specialist investment managers including coordinating 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.

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 has 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.

### (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 83 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 2022 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 83 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 2022 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 2022 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.



# Notes to the financial statements

For the year ended 30 June 2022

## F Other

30 JUNE 2022	MEASUREMENT BASIS	FAIR VALUE HIERARCHY	CARRYING AMOUNT \$'000	FAIR VALUE \$'000
FINANCIAL ASSETS				
Cash and cash equivalents	Amortised cost	Not applicable	200,565	200,565
Receivables	Amortised cost	Not applicable	113,487	113,487
Financial assets	Fair value	Level 1	685,211	685,211
Financial assets	Fair value	Level 2	235,216	235,216
Financial assets - mortgage backed assets	Fair value	Level 3	1,181	1,181
Reverse mortgages receivables	Fair value	Level 3	40,084	40,084
			1,275,744	1,275,744
FINANCIAL LIABILITIES				
Payables	Amortised cost	Not applicable	134,619	134,619
Benefit funds policy holders' liability	Amortised cost	Not applicable	270,558	270,558
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	629,385	624,941
Interest rate swaps - reverse mortgage fixed-for-life	Fair value	Level 3	18,750	18,750
Call/put option liability	Fair value	Level 3	84,095	84,095
			1,137,407	1,132,963
30 JUNE 2021	MEASUREMENT BASIS	FAIR VALUE HIERARCHY	CARRYING AMOUNT \$'000	FAIR VALUE \$'000
FINANCIAL ASSETS				
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
			1,391,072	1,391,072
FINANCIAL LIABILITIES				
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
			872,862	876,796

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.

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

YEAR ENDED 30 JUNE 2022	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
Balance at 1 July 2021	1,181	54,309	(31,205)	(22,690)	1,595
Loan repaid	-	(3,824)	1,206	-	(2,618)
New call/put option entered	-	-	-	(35,400)	(35,400)
Fair value adjustment	-	-	-	(26,005)	(26,005)
Accrued interest	-	3,413	(1,907)	-	1,506
Attributable to interest rate and other risk	-	(17,749)	14,503	-	(3,246)
Attributable to credit risk	-	3,935	(1,347)	-	2,588
Balance at 30 June 2022	1,181	40,084	(18,750)	(84,095)	(61,580)

YEAR ENDED 30 JUNE 2021	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
Balance at 1 July 2020	1,195	58,904	(32,752)	(17,167)	10,180
Loan repaid	(14)	(2,126)	720	-	(1,420)
Fair value adjustment	-	-	-	(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

# Notes to the financial statements

For the year ended 30 June 2022

## F Other

### 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 2022 valuation, the property growth rates are 0% for FY23, then reverted to a 3.5% flat rate from FY24 onwards;
- Discount factors are calculated based on the market quoted long term rates on 30 June 2022;
- The 1% flat credit risk premium, reflecting the portfolio default profile on 30 June 2022, 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;
- 46% 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 2022;
- The 1.716% flat credit risk premium, reflecting the business default profile on 30 June 2022, 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.

### (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 2022, the highest loan to value ratio (LVR) of a loan in the reverse mortgage loan book is 129% (2021: 117%), and there are 72 out of 166 (2021: 77 out of 182) 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 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.

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.



# Notes to the financial statements

For the year ended 30 June 2022

## F Other

NON-DERIVATIVE FINANCIAL LIABILITIES	ON DEMAND \$'000	LESS THAN 3 MONTHS \$'000	3 MONTHS TO 1 YEAR \$'000	1-5 YEARS \$'000	5+ YEARS \$'000	TOTAL \$'000
<b>2022</b>						
Borrowings	-	8,242	28,531	697,617	-	734,390
Payables	-	134,619	-	-	-	134,619
Call/put option liability	-	35,400	-	58,929	-	94,329
Benefit funds policyholder's liability	270,557	-	-	-	-	270,557
Finance lease liabilities	-	805	2,447	13,175	6,820	23,247
<b>Total</b>	<b>270,557</b>	<b>179,066</b>	<b>30,978</b>	<b>769,721</b>	<b>6,820</b>	<b>1,257,142</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>

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.

DERIVATIVE FINANCIAL LIABILITIES	ON DEMAND \$'000	LESS THAN 3 MONTHS \$'000	3 MONTHS TO 1 YEAR \$'000	1-5 YEARS \$'000	5+ YEARS \$'000	TOTAL \$'000
<b>2022</b>						
Interest rate swaps	-	92	287	2,924	33,775	37,078
<b>Total</b>	<b>-</b>	<b>92</b>	<b>287</b>	<b>2,924</b>	<b>33,775</b>	<b>37,078</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>

### (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.

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	0.87%	169,706	30,859	200,565
Other financial assets held by Benefit Funds	2.56%	3,269	7,432	10,701
Other interest bearing loans	4.82%	-	71,039	71,039
Reverse mortgage receivables	8.71%	743	39,341	40,084
<b>Total financial assets</b>		<b>173,718</b>	<b>148,671</b>	<b>322,389</b>
<b>FINANCIAL LIABILITIES</b>				
Borrowings	4.56%	(529,997)	(99,388)	(629,385)
<b>Total financial liabilities</b>		<b>(529,997)</b>	<b>(99,388)</b>	<b>(629,385)</b>
<b>Net interest bearing financial assets/(liabilities)</b>		<b>(356,279)</b>	<b>49,283</b>	<b>(306,996)</b>

	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
<b>Total financial assets</b>		<b>370,029</b>	<b>83,585</b>	<b>453,614</b>
<b>FINANCIAL LIABILITIES</b>				
Borrowings	3.54%	(397,276)	(29,366)	(426,642)
<b>Total financial liabilities</b>		<b>(397,276)</b>	<b>(29,366)</b>	<b>(426,642)</b>
<b>Net interest bearing financial assets/(liabilities)</b>		<b>(27,247)</b>	<b>54,219</b>	<b>26,972</b>

# Notes to the financial statements

For the year ended 30 June 2022

## F Other

### (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.

PAY FIXED FOR FLOATING CONTRACTS DESIGNATED AS EFFECTIVE IN FAIR VALUE HEDGE	AVERAGE CONTRACTED RATE		NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE	
	2022 %	2021 %	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
50 years swaps contracts	7.48%	7.48%	8,447	9,301	(18,750)	(31,205)
			<b>8,447</b>	<b>9,301</b>	<b>(18,750)</b>	<b>(31,205)</b>

### (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 100 basis points (1.00%) increase or decrease represents management's assessment of the reasonably possible change in interest rate.

At reporting date, if variable interest rates had been 100 (2021: 25) basis points higher or lower and all other variables were held constant, the impact to the Group would have been as follows:

CONSOLIDATED	CHANGE IN VARIABLE 2022	CHANGE IN VARIABLE 2021	EFFECT ON PROFIT AFTER TAX	
			2021 \$'000	2020 \$'000
Interest rate risk	+1.00%	+0.25%	(4,004)	(496)
Interest rate risk	-1.00%	-0.25%	4,132	500

The methods and assumptions used to prepare the sensitivity analysis have 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.

### (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)	-	-	8,447
Average fixed interest rate	-	-	7.48%
<b>Interest rate swaps - as at 30 June 2020</b>			
Net exposure (\$'000)	-	-	9,301
Average fixed interest rate	-	-	7.48%

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

INTEREST RATE SWAPS	NOMINAL AMOUNT \$'000	ASSETS \$'000	LIABILITIES \$'000	HEDGE INEFFECTIVENESS RECOGNISED IN PROFIT OR LOSS \$'000
30 June 2022	8,447	-	(18,750)	115
30 June 2021	9,301	-	(31,205)	84

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.

## F3 REMUNERATION OF AUDITORS

Amounts received or due and receivable by KPMG:

	2022 \$	2021 \$
Audit and review of the financial report	858,353	711,048
Other services including AFSL and compliance plan audits	115,401	141,611
Non-audit services	426,800	162,500
	<b>1,400,554</b>	<b>1,015,159</b>

## F4 EVENTS SUBSEQUENT TO THE REPORTING DATE

From 30 June 2022 to 9 August 2022, the fair value gain on investments in listed funds is \$16,470,000, with the share price in CIP moving from \$2.81 to \$2.99 and the share price in COF moving from \$1.70 to \$1.68.

In July 2022, \$9,468,967 of units were redeemed in Centuria 111 St Georges Terrace Fund bringing the Group's ownership to 30%. As a result, the Group has deconsolidated this fund post year end.

In July 2022, a new Centuria Agriculture Fund (CAF) was established and the put/call option in relation to the remaining 50% interest in the Warragul asset was exercised with external investor equity from new investors entering into CAF. Subsequently, the Group's existing 50% ownership reduced to 38%. As a result, the Group has deconsolidated this fund post year end.

Other than the above, there has not arisen in the interval between 30 June 2022 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

For the year ended 30 June 2022

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

(a) the consolidated financial statements and notes set out on pages 102 to 173 and the Remuneration Report set out on pages 70 to 98 in the Directors' Report, are in accordance with the Corporations Act 2001 including:

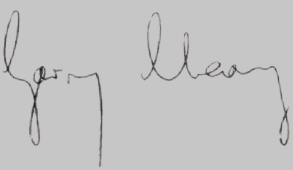
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

(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  
10 August 2022



## 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 2022 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 2022;
- 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;  
(collectively referred to as **Financial Statements**); and
- 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 these requirements.

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## Key Audit Matters

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

- Recognition of performance fee income;
- Recoverable amount of goodwill and indefinite life intangible assets; and
- Valuation of investments in related party unit trusts and investment properties.

**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 year.

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.

### Recognition of performance fee income (\$32.9m)

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 11% 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 characteristics of individual investment properties.</li> </ul>	<p>In performing our procedures, we:</p> <ul style="list-style-type: none"> <li>• Reviewed 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> </ul>

<ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <li>• Recalculated the Stapled Group's performance fee recognised against hurdles in the underlying performance fee agreements with managed property funds; and</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>
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### Recoverable amount of goodwill and indefinite life intangible assets (\$788.2m)

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 29.3% of total assets) and sensitivity of the forward-looking assumptions to 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 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 impairment test of goodwill and indefinite life intangible assets, against the requirements of the accounting standards;</li> <li>• Compared the cash flows contained in the value in use model to the Board approved forecast;</li> <li>• Challenged the Stapled Group's significant forecast cash flows and growth assumptions by: <ul style="list-style-type: none"> <li>- Comparing baseline cash flows to actual historic cash flows and comparing key events to the Board approved plan and strategy;</li> <li>- Comparing terminal growth rates to published studies of industry trends and expectations, and considering differences to the Stapled Group's assumptions. We used our knowledge of the Stapled Group, their past performance, business and customers, and our industry experience; and</li> <li>- Checking 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> </ul>



	<ul style="list-style-type: none"> <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> <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; and</li> <li>• Assessed the disclosures in the financial report against the requirements of the accounting standards.</li> </ul>
Valuation of investments in related party unit trusts (\$608.7m) and investment properties (\$337.5m)	
Refer to Note C3 and C4 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Stapled Group's investments consist primarily of investments in related party unit trusts and investment property.</p> <p>We considered these investments to be a key audit matter as they are significant in value (being 35.2% of total assets), the importance of the performance of these investments in driving the Stapled Group's investment income and investment property valuations contain assumptions with estimation uncertainty for us to consider.</p> <p>We focused on the important features of the Stapled Group's investment property valuation process. In order of application, these included key assumptions and methodologies adopted in the external valuation, being capitalisation rates, discount rates, and future rental income inputs to the capitalisation rate and discounted cash flow methodologies.</p>	<p>For investments in related party unit trusts, our procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the accounting policies applied by the Stapled Group, including those relevant to the fair value hierarchy of investments against the requirements of the accounting standards; and</li> <li>• Checking the valuation of investments as at 30 June 2022, as recorded in the general ledger, to external data (listed and quoted unit prices, and underlying net asset values).</li> </ul> <p>For investment property, our procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the Stapled Group's methodologies used in the valuation of investment property for consistency with accounting standards and Stapled Group policies;</li> <li>• Assessing the scope, competence and objectivity of external valuation experts engaged by the Stapled Group; and</li> <li>• Challenging the Stapled Group's investment property key valuation assumptions, being capitalisation rates, discount rates, and future rental income inputs, by comparing against market analysis published by industry experts,</li> </ul>

	<p>recent market transactions, and the property specific attributes including location, asset condition, land area and actual passing income.</p> <p>Assessing the disclosures in the financial report, against accounting standard requirements.</p>
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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 Centuria Capital Group Annual Report is 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 2022, 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 70 to 98 of the Directors' report for the year ended 30 June 2022.

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

10 August 2022

# Corporate Governance Statement

The corporate governance statement for CNI was last updated on 28 September 2022 and is available on the Centuria website at <https://centuria.com.au/centuria-capital/corporate/sustainability/governance/>.



LISTED: 29 PENELOPE CRESCENT, ARNDELL PARK NSW



Additional ASX information

The securityholder information set out below was applicable as at 24 July 2022.

DISTRIBUTION OF SECURITIES

Analysis of numbers of securityholders by size of holding:

HOLDING	NUMBER OF HOLDERS	NUMBER OF SECURITIES
1 - 1000	1,965	951,692
1,001 - 5,000	4,805	12,212,862
5,001 - 10,000	1,451	10,430,487
10,001 - 100,000	1,685	45,396,924
100,001 and over	210	723,913,125
	10,116	792,905,090

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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	169,786,689	21.41
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	165,855,748	20.92
CITICORP NOMINEES PTY LIMITED	71,329,099	9.00
NATIONAL NOMINEES LIMITED	32,904,921	4.20
PENTEK HOLDINGS PTY LTD <J LITIS INV NO 2 A/C>	32,862,905	4.15
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	28,669,789	3.62
CIRCLESTAR PTY LTD <DAVID SCHWARTZ FAM HOLD A/C>	28,377,402	3.58
MR PETER KARL CHRISTOPHER HULJICH & MR JOHN HAMISH BONSHAW IRVING <THE PKCH A/C>	16,566,486	2.09
TOPSFIELD PTY LTD <JB INVESTMENT A/C>	15,826,336	2.00
MR C P HULJICH & MRS C M F HULJICH & P K C HULJICH <THE CPH A/C>	14,890,525	1.88
GH 2016 PTY LTD <HARVEY 2006 OPTION A/C>	9,701,022	1.22
BNP PARIBAS NOMS (NZ) LTD <DRP>	8,144,132	1.03
HWM (NZ) HOLDINGS LIMITED	6,948,589	0.88
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	6,122,204	0.77
PARITAI PTY LIMITED <PARITAI A/C>	6,005,311	0.76
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	5,753,112	0.73
MR JASON TIMOTHY KILGOUR & MR VAUGHAN CHARLES ATKIN <E A HULJICH FAMILY A/C>	4,563,792	0.58
MARK EDWARD FRANCIS & ROCKRIDGE TRUSTEE COMPANY LIMITED <ROCKRIDGE A/C>	4,557,969	0.58
RESOLUTE FUNDS MANAGEMENT <HANOVER GRP STAFF SUPER A/C>	4,344,364	0.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>>	3,672,008	0.46
	636,882,403	80.41

SUBSTANTIAL HOLDERS

Substantial holders in the Group are set out below as at 24 July 2022.

	NUMBER HELD	PERCENTAGE
The Vanguard Group, Inc.	64,340,821	8.17%
BlackRock Inc.	43,584,931	5.51%
	107,925,752	13.68%

VOTING RIGHTS

All ordinary securities carry one vote per security without restriction.

Corporate directory

Contact us

Unitholder Inquiries

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T. 1800 182 257

Mail to

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F. (02) 9460 2960

contactus@centuria.com.au

Group Chief Risk Officer and Company Secretary

Anna Kovarik

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T. (02) 8923 8923

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Disclaimer

This annual report is provided for general information purposes only. It is not a prospectus, product disclosure statement, pathfinder document or any other disclosure document for the purposes of the Corporations Act and has not been, and is not required to be, lodged with the Australian Securities and Investments Commission. It should not be relied upon by the recipient in considering the merits of CNI or the acquisition of securities in CNI. Nothing in this annual report constitutes investment, legal, tax, accounting or other advice and it is not to be relied upon in substitution for the recipient’s own exercise of independent judgment with regard to the operations, financial condition and prospects of CNI.

The information contained in this annual report does not constitute financial product advice. Before making an investment decision, the recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this annual report, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate.

This annual report has been prepared without taking account of any person’s individual investment objectives, financial situation or particular needs. It is not an invitation or offer to buy or sell, or a solicitation to invest in or refrain from investing in, securities in CNI or any other investment product. The information in this annual report has been obtained from and based on sources believed by CNI to be reliable. To the maximum extent permitted by law, CNI and the members of the Centuria Capital Group make no representation or warranty, express or implied, as to the accuracy, completeness, timeliness or reliability of the contents of this annual report. To the maximum extent permitted by law, CNI does not accept any liability (including, without limitation, any liability arising from fault or negligence) for any loss whatsoever arising from the use of this annual report or its contents or otherwise arising in connection with it. This annual report may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters (Forward Statements). Forward Statements can generally be identified by the use of forward looking words such as “anticipate”, “estimates”, “will”, “should”, “could”, “may”, “expects”, “plans”, “forecast”, “target” or similar expressions. Forward Statements including indications, guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No independent third party has reviewed the reasonableness of any such statements or assumptions.

Neither CNI nor any member of Centuria Capital Group represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this annual report. Except as required by law or regulation, CNI assumes no obligation to release updates or revisions to Forward Statements to reflect any changes. The reader should note that this annual report may also contain pro-forma financial information. Distributable earnings is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific non-cash and significant items. The Directors of CFML consider that distributable earnings reflect the core earnings of the Centuria Capital Fund. All dollar values are in Australian dollars (\$) or A\$) unless stated otherwise.



# Centuria

[centuria.com.au](http://centuria.com.au)