

## **Centuria Capital No. 2 Fund**

ABN 24 858 616 727

## **Financial Report for the year ended 30 June 2023**

Centuria Capital No. 2 Fund comprises of Centuria Capital No. 2 Fund ABN 24 858 616 727 (the 'Fund') and its subsidiaries. The Responsible entity of the Fund is Centuria Funds Management Limited (the 'Company') ACN 607 153 588, AFSL 479 873.

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These consolidated financial statements are the financial statements of the consolidated entity consisting of Centuria Capital No. 2 Fund and its subsidiaries. A list of subsidiaries is included in note E2. The consolidated financial statements are presented in the Australian currency.

Centuria Capital No. 2 Fund is a trust, registered and domiciled in Australia.

Its registered office is:  
Centuria Capital No. 2 Fund  
Level 41, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

The consolidated financial statements were authorised for issue on 18 August 2023.

## Director's report

The directors of Centuria Funds Management Limited (the 'Company') as the Responsible Entity for Centuria Capital No. 2 Fund ('CC2F') present their report together with the consolidated financial statements of the Fund and its controlled entities (the 'Fund') for the financial year ended 30 June 2023 and the auditor's report thereon.

### Directors and directors' interests

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

Name	Appointed	Directorship of other listed entities
Mr Garry S. Charny	8 August 2016	Centuria Capital Limited (ASX:CNI)
Ms Kristie R. Brown	15 February 2021	Centuria Capital Limited (ASX:CNI)
Mr Peter J. Done	8 August 2016	Centuria Capital Limited (ASX:CNI); Centuria Industrial REIT (ASX:CIP) (i) Centuria Office REIT (ASX:COF) (ii)
Mr Jason C. Huljich	8 August 2016	Centuria Capital Limited (ASX:CNI)
Mr John E. McBain	8 August 2016	Centuria Capital Limited (ASX:CNI) Asset Plus Limited (NZX:APL)
Mr John R. Slater	8 August 2016	Centuria Capital Limited (ASX:CNI)
Ms Susan L. Wheeldon	31 August 2016	Centuria Capital Limited (ASX:CNI)

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

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

Additional directors' information and their interests are detailed below:

<b>Mr Garry S. Charny, BA. LL.B. Independent Non-Executive Director and Chairman</b>		
Experience and expertise	<p>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, Spotted Turquoise Films and April Entertainment).</p> <p>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 South-East Asia. Wolseley specialises in mergers and acquisitions, strategic corporate advice and contentious matters resolution.</p> <p>Garry is also Chairman of High End, an AI driven fashion tech company, and Chairman of Shero Investments, a Sydney based investment company.</p> <p>In December 2022, he was appointed a Board Member of Racing NSW.</p> <p>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).</p> <p>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.</p>	
Directorship of other listed companies	Centuria Capital Limited (ASX:CNI)	
Responsibilities	<p>Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Board</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination &amp; Remuneration Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Conflicts Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee</p> <p>Chairman of the Centuria Life Limited Board</p> <p>Member of the Centuria Life Limited Audit Committee</p> <p>Member of the Centuria Life Limited Risk &amp; Compliance Committee</p> <p>Chairman of the Centuria Healthcare Pty Ltd Board</p>	
Interests in CC2F	Ordinary units	nil

## Directors and directors' interests (continued)

<b>Ms Kristie R. Brown</b> , B. Comm, B. Law (Hons) <i>Independent Non-Executive Director</i>		
Experience and expertise	<p>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 &amp; Compliance Committee (ARCC) and the Conflicts Committee.</p> <p>Kristie has a background in corporate law with over 17 years' experience in funds management and M&amp;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.</p> <p>Subsequent to her legal career, Kristie established a private investment business, Danube View Investments, which primarily operates in the Australian property sector.</p> <p>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.</p>	
Directorship of other listed companies	Centuria Capital Limited (ASX:CNI)	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk &amp; Compliance Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Conflicts Committee</p>	
Interests in CC2F	Ordinary units	nil

  

<b>Mr Peter J. Done</b> , B.Comm, FCA. <i>Independent Non-Executive Director</i>		
Experience and expertise	<p>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 &amp; Compliance Committee.</p> <p>Peter 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.</p> <p>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.</p> <p>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.</p>	
Directorship of other listed companies	<p>Centuria Capital Limited (ASX:CNI)</p> <p>Centuria Industrial REIT (ASX:CIP)</p> <p>Centuria Office REIT (ASX:COF)</p>	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination &amp; Remuneration Committee</p> <p>Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk &amp; Compliance Committee</p> <p>Member of the Centuria Life Limited Board</p> <p>Chairman of the Centuria Life Limited Audit Committee</p> <p>Chairman of the Centuria Life Limited Risk &amp; Compliance Committee</p> <p>Member of the Centuria Life Limited Investment Committee</p> <p>Member of the Centuria Property Funds Limited Board</p> <p>Member of the Centuria Property Funds Limited Audit, Risk &amp; Compliance Committee</p> <p>Member of the Centuria Property Funds No. 2 Limited Board</p> <p>Chairman of the Centuria Property Funds No. 2 Limited Audit, Risk &amp; Compliance Committee</p>	
Interests in CC2F	Ordinary units	600

## Directors and directors' interests (continued)

<b>Mr Jason C. Huljich, B. Comm. Executive Director and Joint Chief Executive Officer</b>		
Experience and expertise	<p>Joint CEO Jason Huljich's 27-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 Ltd, Centuria Healthcare Asset Management Limited, Centuria Property Funds No. 3 Limited (formerly Primewest Management Limited), as well as a director of Centuria Funds Management (NZ) Ltd and Centuria NZ Industrial Fund Limited, and Non-Executive Director of Centuria Bass Credit Pty Limited.</p> <p>Jason is Joint CEO alongside John McBain, collectively overseeing more than \$21 billion of assets under management.</p> <p>Jason is chiefly responsible for the company's real estate portfolio and funds management operations including the listed Centuria Industrial REIT (ASX: CIP) and Centuria Office REIT (ASX: COF), as well as Centuria's extensive range of unlisted funds across Australia and New Zealand.</p> <p>Since Centuria was established, Jason has been pivotal in raising over \$5 billion for the listed and unlisted vehicles. He has been central to positioning Centuria as Australia's fourth largest external property funds manager. CNI and CIP are included in the S&amp;P/ASX 200 Index. COF is included in the S&amp;P/ASX 300 Index. CIP and COF are part of the FTSE EPRA Nareit Global Index.</p> <p>Jason has a hands-on approach to the real estate operations throughout the Group's platform. The Transactions, Development, Funds Management, Distribution, Marketing and Asset Management teams all report directly to him.</p> <p>Jason 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.</p>	
Directorship of other listed companies	Centuria Capital Limited (ASX:CNI)	
Responsibilities	<p>Joint Chief Executive Officer</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee</p> <p>Member of the Centuria Life Limited Board</p> <p>Member of the Centuria Healthcare Pty Ltd Board</p>	
Interests in CC2F	Ordinary units	nil

Directors and directors' interests (continued)

<b>Mr John E. McBain</b> , Dip. Urban Valuation. <i>Executive Director and Joint Chief Executive Officer</i>		
Experience and expertise	<p>Joint CEO John McBain's 40-year real estate career spans the commercial and industrial markets in Australia, NZ and UK and the healthcare and agriculture sectors. He graduated from Auckland University with a valuation qualification.</p> <p>He is an Executive Director of Centuria Capital Limited, Centuria Life Limited, Centuria Healthcare Pty Ltd and Centuria Property Funds No. 3 Limited (formerly 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). He also serves on the Centuria NZ and Centuria Healthcare Management committees and the Centuria Life Investment Committee.</p> <p>John is responsible for Centuria's corporate team, and his responsibilities include corporate strategy, M&amp;A and leadership of the Finance, Governance, Compliance, Investor Relations, Communications and Centuria Life teams. He serves on the Non-Financial Risk Committee and the ESG Management Committee.</p> <p>John has been instrumental in the integration of several businesses into the Centuria group, including the 360 Capital Group, Heathley Asset Management (now Centuria Healthcare), Augusta Capital Limited (now Centuria NZ) and the Primewest Group. These acquisitions, together with a successful asset acquisition and funds management programme overseen by fellow Joint CEO Jason Huljich, has seen the pair oversee significant corporate growth over the past 27 years culminating in Centuria Capital Limited entering the S&amp;P ASX 200 Index in 2021 with the Group now managing over \$21 billion of assets.</p>	
Directorship of other listed companies	Centuria Capital Limited (ASX:CNI) Asset Plus Limited (NZX: APL)	
Responsibilities	<p>Joint Chief Executive Officer</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Centuria Life Limited Board</p> <p>Member of the Centuria Life Limited Investment Committee</p> <p>Member of the Centuria Healthcare Pty Ltd Board</p>	
Interests in CC2F	Ordinary units	nil

<b>Mr John R. Slater</b> , Dip.FS (FP), F Fin. <i>Independent Non-Executive Director</i>		
Experience and expertise	<p>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 &amp; Remuneration Committee</p> <p>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.</p> <p>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.</p>	
Directorship of other listed companies	Centuria Capital Limited (ASX:CNI)	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk &amp; Compliance Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination &amp; Remuneration Committee</p> <p>Member of the Centuria Life Limited Board</p> <p>Chair of the Centuria Life Limited Investment Committee</p>	
Interests in CC2F	Ordinary units	nil

**Directors and directors' interests (continued)**

<b>Ms Susan L. Wheeldon, MBA. Independent Non-Executive Director</b>		
Experience and expertise	<p>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.</p> <p>Currently, Susan is Airbnb's Country Director for Australia, New Zealand &amp; Oceania. Previously, she served in a number of roles, including Head of Government, Performance and Agency at Google, working with major national and global companies.</p> <p>During her career, Susan has held senior positions in Australia and the United Kingdom across a diverse range of industries including global law firms DLA Piper and King &amp; Wood Mallesons, working with the Virgin Australia &amp; Virgin Atlantic airline brands, as Vice President of Groupon, and as Head of Brand &amp; Retail at AMP Capital Shopping Centres.</p> <p>She holds an MBA from University of NSW's Australian Graduate School of Management, and is a member of Australian Institute of Company Directors as well as holding a Corporate Director's Certificate from Harvard Business School.</p>	
Directorship of other listed companies	Centuria Capital Limited (ASX:CNI)	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Board</p> <p>Chair of the Centuria Capital Limited and Centuria Funds Management Limited Nomination &amp; Remuneration Committee</p> <p>Chair of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee</p>	
Interests in CC2F	Ordinary units	nil

**Company secretary**

Anna Kovarik joined Centuria as General Counsel and Company Secretary in 2018 and was promoted to Group Chief Risk Officer and Company Secretary in 2020. She is an experienced governance professional having worked with ASX-listed and unlisted boards, predominantly within the listed property and financial services sectors. In her current role at Centuria, Anna is responsible for legal, risk management, regulatory compliance, insurance and governance activities across the Group.

Anna is a member of the Senior Executive Committee, the Non-Financial Risk Committee and the ESG Management Committee. She holds an Executive MBA from the University of Sydney and is a member of the Australian Institute of Company Directors.

**Principal activities**

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

**Significant changes and state of affairs**

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

- On 6 April 2023, the Fund entered into a 5 year \$50,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.60% which is due to mature on 6 April 2028.
- On 21 April 2023, the Fund fully redeemed a total of \$66,650,000 secured wholesale floating rate notes maturing on 21 April 2023 and 21 April 2024.
- During the year, the Fund drew \$46,650,000 from the Revolver A facility, which was subsequently repaid on 23 June 2023.

**Operating and financial review**

The Fund's profit from continuing operations for the year ended 30 June 2023 was \$41,831,000 (2022: loss of \$61,247,000). The Fund's profit from continuing operations for the year ended 30 June 2023 excluding fair value movements of financial instruments and property was \$45,707,000 (2022: \$56,993,000).

**Distributions**

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

**Distributions (continued)**

	<b>Cents per unit</b>	<b>Total amount \$'000</b>	<b>Date paid/payable</b>
<b>Distributions paid during the year</b>			
Interim 2023 distribution	1.45	22,740	31 December 2022
<b>Distributions declared during the year</b>			
Final 2023 distribution	1.58	24,760	30 June 2023
<b>Total amount</b>	<b>3.03</b>	<b>47,500</b>	

**Responsible Entity interests**

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

	<b>2023 \$</b>	<b>2022 \$</b>
Management and custodian fees paid to Centuria Property Funds Limited	-	874,531
Management fees paid to Primewest P/Q Pty Ltd	-	99,987
	<b>-</b>	<b>974,518</b>

**Events subsequent to the reporting date**

There has not arisen in the interval between 30 June 2023 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 Fund, the results of those operations, or the state of affairs of the Fund, in future financial periods.

**Likely developments**

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

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

**Environmental regulation**

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

**Indemnification of officers and auditors**

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

The Responsible Entity has not indemnified or agreed to indemnify any auditor or other officer of the Fund, or any related body corporate.



**Rounding of amounts**

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

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



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
18 August 2023



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

To the Directors of Centuria Funds Management Limited, the Responsible Entity  
of Centuria Capital No. 2 Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Centuria Capital No. 2 Fund for the financial year ended 30 June 2023 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.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to read 'Paul Thomas'.

Paul Thomas

*Partner*

Sydney

18 August 2023

# Centuria Capital No. 2 Fund

ACN 607 153 588

## Financial report 30 June 2023

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# Consolidated statement of comprehensive income

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Revenue	B1	75,862	79,092
Share of net profit of equity accounted investments	E1	473	4,190
Fair value movements of financial instruments and property	B2	(3,876)	(118,240)
Expenses	B3	(221)	(7,274)
Finance costs	B4	(30,407)	(19,015)
<b>Net profit/(loss)</b>		<b>41,831</b>	<b>(61,247)</b>
<b>Profit/(loss) is attributable to:</b>			
Centuria Capital No. 2 Fund		41,831	(66,752)
Non-controlling interests		-	5,505
<b>Profit/(loss) after tax</b>		<b>41,831</b>	<b>(61,247)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>41,831</b>	<b>(61,247)</b>
<b>Total comprehensive income/(loss) for the year is attributable to:</b>			
Centuria Capital No. 2 Fund		41,831	(66,752)
Non-controlling interests		-	5,505
<b>Total comprehensive income/(loss)</b>		<b>41,831</b>	<b>(61,247)</b>
<b>Profit/(loss) attributable to Centuria Capital No. 2 Fund unitholder</b>		<b>41,831</b>	<b>(66,752)</b>

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

# Consolidated balance sheet

As at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Assets</b>			
Cash and cash equivalents		56,676	16,812
Receivables	C1	9,736	11,292
Financial assets	C2	871,134	934,014
Investment properties	C3	-	160,500
Other assets		1,460	1,409
Equity accounted investments	E1	61,547	46,764
<b>Total assets</b>		<b>1,000,553</b>	<b>1,170,791</b>
<b>Liabilities</b>			
Payables	C4	30,611	49,752
Borrowings	C5	375,493	475,431
<b>Total liabilities</b>		<b>406,104</b>	<b>525,183</b>
<b>Net assets</b>		<b>594,449</b>	<b>645,608</b>
<b>Equity</b>			
<b>Equity attributable to Centuria Capital No. 2 Fund</b>			
Contributed equity	C6	679,965	679,965
Retained losses		(85,516)	(79,847)
<b>Total equity attributable to Centuria Capital No. 2 Fund</b>		<b>594,449</b>	<b>600,118</b>
<b>Equity attributable to external non-controlling interests</b>			
Contributed equity		-	12,798
Retained earnings		-	32,692
<b>Total equity attributable to external non-controlling interests</b>		<b>-</b>	<b>45,490</b>
<b>Total equity</b>		<b>594,449</b>	<b>645,608</b>

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

## Consolidated statement of changes in equity

For the year ended 30 June 2023

	Centuria Capital No. 2 Fund			Non-controlling interests			
	Contributed equity \$'000	Accumulated losses \$'000	Equity attributable to Centuria Capital No. 2 Fund unitholder \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000	Total equity \$'000
<b>Balance at 1 July 2022</b>	679,965	(79,847)	600,118	12,798	32,692	45,490	645,608
Profit for the year	-	41,831	41,831	-	-	-	41,831
<b>Total comprehensive income for the year</b>	-	<b>41,831</b>	<b>41,831</b>	-	-	-	<b>41,831</b>
Distributions paid/accrued	-	(47,500)	(47,500)	-	-	-	(47,500)
Units issued during the year	-	-	-	-	-	-	-
Consolidation of controlled property funds	-	-	-	-	-	-	-
Deconsolidation of controlled property funds	-	-	-	(12,798)	(32,692)	(45,490)	(45,490)
Return of capital	-	-	-	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>679,965</b>	<b>(85,516)</b>	<b>594,449</b>	-	-	-	<b>594,449</b>

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

## Consolidated statement of changes in equity

	Centuria Capital No. 2 Fund			Non-controlling interests			
	Contributed equity \$'000	Accumulated losses \$'000	Equity attributable to Centuria Capital No. 2 Fund unitholder \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000	Total equity \$'000
<b>Balance at 1 July 2021</b>	642,298	37,473	679,771	12,798	31,077	43,875	723,646
Loss for the year	-	(66,752)	(66,752)	-	5,505	5,505	(61,247)
<b>Total comprehensive income for the year</b>	-	<b>(66,752)</b>	<b>(66,752)</b>	-	<b>5,505</b>	<b>5,505</b>	<b>(61,247)</b>
Distributions paid/accrued	-	(50,568)	(50,568)	-	(3,890)	(3,890)	(54,458)
Units issued during the year	64,767	-	64,767	3,085	-	3,085	67,852
Consolidation of controlled property funds	-	-	-	18,992	(961)	18,031	18,031
Deconsolidation of controlled property funds	-	-	-	(22,077)	961	(21,116)	(21,116)
Return of capital	(27,100)	-	(27,100)	-	-	-	(27,100)
<b>Balance at 30 June 2022</b>	<b>679,965</b>	<b>(79,847)</b>	<b>600,118</b>	<b>12,798</b>	<b>32,692</b>	<b>45,490</b>	<b>645,608</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 2023

	Notes	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Interest received		38,655	637
Rent received		-	15,503
Distributions received		35,212	33,695
Interest paid		(30,481)	(15,286)
Payments to suppliers		(184)	(7,627)
Other income		101	140
<b>Net cash provided by operating activities</b>	D1	43,303	27,062
<b>Cash flows from investing activities</b>			
Loans repaid by related parties		87,250	60,134
Proceeds from sale of related party investments		54,223	55,537
Loans repaid from other parties		39,734	-
Proceeds from sale of equity accounted investments		32,337	8,324
Purchase of investments in related parties		(51,862)	(147,312)
Purchase of equity accounted investments		(42,567)	(22,749)
Loans to other parties		(39,734)	-
Loans to related parties		(13,702)	(76,989)
Deconsolidation of controlled property funds cash balance		(3,914)	-
Redemption funds received in advance		-	11,023
Proceeds from sale of subsidiary		-	4,000
Purchase of controlled property fund		-	(15,550)
Payments in relation to investment properties		-	(1,152)
<b>Net cash provided/(used) in investing activities</b>		61,765	(124,734)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		96,650	100,149
Repayment of borrowings		(113,300)	-
Distributions paid		(47,500)	(50,568)
Distributions paid to non-controlling interests		-	(3,890)
Costs paid to issue debt		(1,054)	(1,731)
<b>Net cash (used)/provided by financing activities</b>		(65,204)	43,960
<b>Net increase decrease in cash and cash equivalents</b>		39,864	(53,712)
Cash and cash equivalents at the beginning of the financial period		16,812	70,524
<b>Cash and cash equivalents at end of year</b>		56,676	16,812

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



# A About the report

## A1 General information

The Centuria Capital No. 2 Fund and its controlled entities (the 'Fund') is a for-profit entity and its principal activities are holding direct interest in property funds and other liquid investments. The ultimate parent of the Fund is Centuria Capital Fund.

### Statement of compliance

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

The consolidated financial statements of the Fund comprising the Fund (as 'Parent') and its controlled entities for the year ended 30 June 2023 were authorised for issue on 18 August 2023.

The Fund was established on 8 July 2016.

### Basis of preparation

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

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

### Rounding of amounts

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

## A2 Significant accounting policies

The accounting policies and methods of computation in the preparation of the consolidated financial statements are consistent with those adopted in the previous financial year ended 30 June 2022 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):

- 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 2022.

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

#### *Standards now effective:*

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2023-2 Amendments to Australian Accounting Standards - International Tax Reform - Pillar Two Model Rules

#### *Standards not yet effective:*

A number of new standards are effective for annual periods beginning after 1 July 2023 and earlier application is permitted; however, the Fund 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 Fund's consolidated financial statements.

- AASB 2020-1 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
- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

### 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 C2 Financial assets
- Note E1 Interests in associates
- Note F1 Financial instruments

### A5 Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

## B Business performance

### B1 Revenue

	2023 \$'000	2022 \$'000
Interest revenue	45,124	32,759
Distribution revenue	30,637	30,172
Other income	101	90
Rent	-	11,586
Recoverable outgoings	-	4,485
	<b>75,862</b>	<b>79,092</b>

#### (a) Transactions with related parties

	2023 \$	2022 \$
Interest income on loan to Centuria Finance Pty Limited	43,374,080	31,953,827
Distributions from Property Funds managed by Centuria	29,650,150	30,073,625
Interest income on loan to Bass Property Credit Fund	589,705	-
Interest income on loans to Property Funds managed by Centuria	276,170	733,626
Interest income on loan to Centuria Bass Credit Fund	98,533	-
	<b>73,988,638</b>	<b>62,761,078</b>

#### Recognition and measurement

Revenue is recognised over time if:

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

##### (i) Interest revenue

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

##### (ii) Rent

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

##### (iii) Recoverable outgoings

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

##### (iv) Distribution revenue

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

### B2 Fair value movements of financial instruments and property

The following table provides a summary of fair value movements of investments during the year.

	2023 \$'000	2022 \$'000
Movement in Centuria Industrial REIT's listed market price	22,423	(70,824)
Movement in Centuria Office REIT's listed market price	(29,246)	(58,483)
Other fair value movements	2,947	11,067
<b>Total fair value movement</b>	<b>(3,876)</b>	<b>(118,240)</b>

### B3 Expenses

	2023 \$'000	2022 \$'000
Property outgoing and fund expenses	166	6,991
Consulting and professional fees	53	224
Other expenses	2	59
	<b>221</b>	<b>7,274</b>

#### (a) Transactions with related parties

	2023 \$	2022 \$
Management and custodian fees paid to Centuria Property Funds Limited	-	874,531
Management fees paid to Primewest P/Q Pty Ltd	-	99,987
	<b>-</b>	<b>974,518</b>

### B4 Finance costs

	2023 \$'000	2022 \$'000
Interest charges	30,405	17,316
Other finance costs	2	-
Bank loans in Property Funds interest charges	-	1,699
	<b>30,407</b>	<b>19,015</b>

#### Recognition and measurement

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

### B5 Taxation

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

### B6 Distributions

	2023		2022	
	Cents per unit	Total \$'000	Cents per unit	Total \$'000
<b>Distributions paid during the year</b>				
Interim Distribution	1.45	22,740	1.50	23,422
<b>Distributions declared during the year</b>				
Final distribution	1.58	24,760	1.70	27,146
<b>Distributions paid/declared during the year</b>	<b>3.03</b>	<b>47,500</b>	<b>3.20</b>	<b>50,568</b>

## C Assets and liabilities

### C1 Receivables

	2023 \$'000	2022 \$'000
Receivables from related parties (refer to note C1(a))	9,721	10,757
Other receivables	15	535
	<b>9,736</b>	<b>11,292</b>

All receivables are considered to be classified as current.

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

#### (a) Receivables from related parties

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

	2023 \$	2022 \$
Distribution receivable from Centuria Office REIT	3,131,257	3,686,445
Distribution receivable from Centuria Industrial REIT	3,092,795	3,345,413
Recoverable expenses owing from property funds managed by Centuria	1,934,170	2,572,950
Intercompany receivable from entities within Centuria Capital Group	538,537	18,713
Distribution receivable from property funds managed by Centuria	1,024,321	892,082
Redemption funds receivable from property funds managed by Centuria	-	241,642
	<b>9,721,080</b>	<b>10,757,245</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.

### C2 Financial assets

	Notes	2023 \$'000	2022 \$'000
Investment in related party unit trusts	C2(a)	453,487	442,875
Loans receivable from related parties - Non-current	C2(b)	417,299	491,104
Investments in trusts and other financial assets		348	35
		<b>871,134</b>	<b>934,014</b>

Financial assets are classified as non-current assets as at 30 June 2023 due to no intention to dispose of financial assets within twelve months.

**C2 Financial assets (continued)****(a) Investments in related party unit trusts carried at fair value through profit or loss**

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

	Fair value \$	2023 Units held	Ownership %	Fair value \$	2022 Units held	Ownership %
<b>Financial assets held by the Fund</b>						
Centuria Industrial REIT	239,691,644	77,319,885	12.18%	217,268,877	77,319,885	12.19%
Centuria Office REIT	121,697,089	88,829,992	14.87%	151,010,986	88,829,992	14.87%
Centuria Heathley Direct Medical Fund No. 2	23,423,708	18,673,473	12.04%	25,483,689	18,673,473	12.04%
Prime Healthcare Holding Trust	22,347,535	22,392,320	10.00%	21,500,000	21,500,000	10.00%
Centuria 111 St Georges Terrace Fund	13,155,329	3,485,539	18.06%	-	-	0%
Dragon Hold Trust	13,135,312	969,622,257	10.00%	9,696,223	969,622,257	10.00%
Matrix Trust	7,257,146	6,916,153	2.70%	4,080,654	3,426,242	5.00%
Centuria Wholesale Agricultural Trust No. 2 <sup>(i)</sup>	4,659,877	4,324,000	12.64%	6,775,000	6,775,000	19.81%
Centuria Industrial Income Fund No. 2	3,563,945	3,563,945	15.88%	-	-	0%
Centuria Heathley Aged Care Property Fund No. 1	3,599,019	5,513,559	9.21%	2,954,165	5,513,559	9.21%
Centuria Government Income No. 1 Fund	662,845	643,539	0.48%	643,539	643,559	0.64%
Centuria ATP Fund	226,863	104,545	0.17%	-	-	0%
Centuria 25 Grenfell Street Fund	42,811	40,010	0.08%	40,010	40,010	0.08%
Northgate Geraldton Trust	10	10	0%	10	10	0%
Centuria Life Goals - Various Funds	24,096	23,096	0%	14,096	13,096	0%
Centuria Large Format Retail Trust No. 2 <sup>(ii)</sup>	-	-	0%	3,407,300	3,097,546	7.29%
	<b>453,487,229</b>			<b>442,874,549</b>		

<sup>(i)</sup> The fund was previously known as Primewest Agriculture No. 2 Fund

<sup>(ii)</sup> The fund was previously known as Primewest Large Format Retail Trust No. 2

**C2 Financial assets (continued)****(a) Investments in related party unit trusts carried at fair value through profit or loss (continued)**

	2023 \$	2022 \$
<b>Related party unit trusts carried at fair value through profit and loss</b>		
Opening balance	442,874,549	460,006,104
Investments purchased	50,772,754	148,563,992
Fair value loss	(3,192,932)	(122,921,977)
Disposal	(54,163,653)	(50,800,090)
Carrying value transferred from equity accounted investments	17,196,511	8,026,520
	<u>453,487,229</u>	<u>442,874,549</u>

**(b) Loans receivable from related parties**

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

	2023 \$	2022 \$
Centuria Finance Pty Limited	417,299,109	491,103,520
	2023 \$	2022 \$
Opening balance	491,103,520	310,290,943
Drawdowns	12,050,000	158,858,750
Capitalised interest	43,374,080	31,953,827
Repayments	(129,228,491)	(10,000,000)
	<u>417,299,109</u>	<u>491,103,520</u>

The maturity date on the loans receivable from Centuria Finance Pty Limited is the earliest of 20 July 2031 or such other date as the Fund and borrower may agree in writing.

**Recognition and measurement**

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

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

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

AASB 9 contains three principal classification categories for financial assets:

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

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

There are no measurements of FVOCI as at 30 June 2023.

## C2 Financial assets (continued)

### Recognition and measurement (continued)

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

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

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

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

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

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

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

#### (iii) Financial assets at FVTPL

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

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

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

## C3 Investment properties

	30 June 2023 \$'000	30 June 2022 \$'000
111 St George Terrace, Perth WA	-	160,500
<b>Total fair value</b>	<b>-</b>	<b>160,500</b>
	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Opening Balance	<b>160,500</b>	159,000
Acquisition of subsidiary	-	49,140
Capital improvements and associated costs	-	384
Deconsolidation of controlled property funds	<b>(160,500)</b>	(49,140)
Fair value movement	-	2,251
Change in deferred rent and lease incentives	-	(1,135)
<b>Closing balance</b>	<b>-</b>	<b>160,500</b>

Investment properties are classified as non-current.

The Fund ceased to have control over Centuria 111 St George Terrace Fund (111 SGT) and deconsolidated 111 SGT on 1 July 2022.



**C4 Payables**

	2023 \$'000	2022 \$'000
Amounts due to related parties (see Note C4 (a))	24,760	31,760
Sundry creditors <sup>(i)</sup>	5,851	17,273
Accrued expenses	-	719
	<b>30,611</b>	<b>49,752</b>

Payables are classified as current.

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

**(a) Amounts due to related parties**

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

	2023 \$	2022 \$
Distribution payable to Centuria Capital Fund	24,760,000	27,146,000
Payable to Centuria Capital Fund	-	4,517,429
Payable to Centuria Developments Pty Ltd	-	96,709
	<b>24,760,000</b>	<b>31,760,138</b>

**Recognition and measurement**

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

Distribution payable is made for the amount of any distribution the Fund has declared, on or before the end of the reporting period but not distributed at the end of the reporting period.

**C5 Borrowings**

	Notes	2023 \$'000	2022 \$'000
Secured listed redeemable notes	C5(a)	198,693	198,693
Floating rate secured notes	C5(b)	80,000	96,650
Fixed rate secured notes	C5(b)	100,553	100,553
Secured bank loans in Controlled Property Funds	C5(c)	-	84,044
Borrowing costs capitalised		(3,753)	(4,509)
		<b>375,493</b>	<b>475,431</b>

  

	2023 \$	2022 \$
Opening balance	475,430,764	374,894,938
Drawdowns	96,650,000	100,000,000
Repayments	(113,300,000)	-
Movement in controlled property funds	(84,043,531)	148,327
Net amortisation of capitalised borrowing costs	755,818	387,499
<b>Closing balance</b>	<b>375,493,051</b>	<b>475,430,764</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 Fund.

The secured listed reedeemable notes are secured by the first ranking general security deeds over all assets of the issuer and sit pari-passu with the secured notes.

**C5 Borrowings (continued)****(b) Secured notes**

<b>Fixed</b>	<b>Classification</b>	<b>Coupon Rate</b>	<b>Due Date</b>	<b>Total facility \$'000</b>	<b>Facility available \$'000</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Tranche 5	Current	5.00%	21 Apr 2024	30,553	-	<b>30,553</b>	30,553
Tranche 7	Non-current	5.46%	25 Mar 2025	70,000	-	<b>70,000</b>	70,000
				<b>100,553</b>	-	<b>100,553</b>	100,553

  

<b>Floating</b>	<b>Classification</b>	<b>Coupon Rate</b>	<b>Due Date</b>	<b>Total facility \$'000</b>	<b>Facility available \$'000</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Tranche 4	Current	BBSW +4.25%	21 Apr 2023	-	-	-	35,000
Tranche 6	Current	BBSW +4.50%	21 Apr 2024	-	-	-	31,650
Tranche 8	Non-current	BBSW +3.35%	25 Mar 2025	30,000	-	<b>30,000</b>	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	-	-
Term Loan	Non-current	BBSY +2.60%	6 Apr 2028	50,000	-	<b>50,000</b>	-
				<b>230,000</b>	<b>150,000</b>	<b>80,000</b>	96,650

The following facilities were entered into or redeemed during the year:

On 6 April 2023, the Fund entered into a 5 year \$50,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.60% which is due to mature on 6 April 2028.

On 21 April 2023, the Fund fully redeemed a total of \$66,650,000 secured wholesale floating rate notes maturing on 21 April 2023 and 21 April 2024.

During the year, the Fund drew \$46,650,000 from the Revolver A facility, which was subsequently repaid on 23 June 2023.

The secured notes are secured by the first ranking general security deeds over all assets of the issuer and sit pari-passu with the secured listed redeemable notes.

**(c) Bank Loans - Controlled Property Funds (secured)**

The Fund ceased to have control over Centuria 111 St George Terrace Fund (111 SGT) and deconsolidated 111 SGT on 1 July 2022. There were no bank loans from controlled property funds as at 30 June 2023.

**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.

**C6 Contributed equity**

	<b>2023</b>		<b>2022</b>	
	<b>No. of units</b>	<b>\$'000</b>	<b>No. of units</b>	<b>\$'000</b>
Balance at beginning of the period	<b>1,564,025,635</b>	<b>679,965</b>	1,420,075,039	642,298
Units issued	-	-	143,950,596	64,767
Return of capital	-	-	-	(27,100)
Balance at end of the period	<b>1,564,025,635</b>	<b>679,965</b>	1,564,025,635	679,965

**Recognition and measurement**

Incremental costs directly attributed to the issue of ordinary units are accounted for as a deduction from equity.

## D Cash flows

### D1 Reconciliation of profit/(loss) for the period to net cash flows from operating activities

	2023 \$'000	2022 \$'000
Profit/(loss) for the year	41,831	(61,247)
<b>Add (deduct) non-cash items:</b>		
Gain on investment property	-	(2,251)
Equity accounted profit in excess of distributions paid	2,980	605
Fair value movement of financial instruments	3,876	120,491
Non-cash interest capitalised on related party loan	(6,470)	(32,078)
Amortisation of borrowing costs	1,810	2,118
Amortisation of lease incentives	-	1,789
<b>Changes in net assets and liabilities:</b>		
<b>(Increase)/decrease in assets:</b>		
Increase in receivables	1,122	(3,409)
<b>Increase/(decrease) in liabilities:</b>		
Increase in other payables	(1,846)	1,044
<b>Net cash flows provided by operating activities</b>	<b>43,303</b>	<b>27,062</b>

#### Recognition and measurement

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

## E Group Structure

### E1 Interests in associates

Set out below are the associates of the Fund as at 30 June 2023 which, in the opinion of the Directors, were material to the Fund and were accounted for using the equity method. The entity listed below has share capital consisting solely of ordinary units, which are held directly by the Fund. The country of incorporation or registration is Australia which is also its principal place of business, and the proportion of ownership interest is the same as the proportion of its voting rights held.

Name of entity	% of ownership interest 30 June 2023 %	% of ownership interest 30 June 2022 %	Principal activity	Carrying amount 30 June 2023 \$'000	30 June 2022 \$'000
Centuria Diversified Property Fund	21.54	22.38	Property Investments	35,860	39,021
Allendale Square Fund	25.91	-	Property investments	18,426	-
Centuria Government Income Property Fund No. 2	21.59	22.03	Property investments	7,261	7,743
<b>Total equity accounted investments</b>				<b>61,547</b>	<b>46,764</b>

### Recognition and measurement

Associates are those entities in which the Fund has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Fund has joint control, whereby the Fund has rights to the net assets of the arrangement, rather than rights to the assets and obligations for its liabilities.

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2022 to 30 June 2023.

	Centuria Diversified Property Fund \$'000	Centuria Government Income Property Fund No. 2 \$'000	Allendale Square Fund \$'000	Centuria Industrial Income Fund No.2 \$'000	Centuria 111 St Georges Terrace Fund \$'000	Total \$'000
<b>Movements in carrying amounts of equity accounted investments</b>						
Opening Balance as at 1 July 2022	39,021	7,743	-	-	-	46,764
Carrying value transferred from controlled property funds	-	-	-	-	24,730	24,730
Acquisition of Investments	-	-	31,638	10,929	-	42,567
Share of net (Loss)/profit after tax	(200)	71	1,227	(815)	190	473
Distributions received/receivable	(1,961)	(403)	(926)	(148)	(15)	(3,453)
Disposal of Investments	(1,000)	(150)	(13,513)	(5,164)	(12,510)	(32,337)
Carrying value transferred from/(to) financial assets	-	-	-	(4,802)	(12,395)	(17,197)
	-	-	-	-	-	-
<b>Closing balance as at 30 June 2023</b>	<b>35,860</b>	<b>7,261</b>	<b>18,426</b>	<b>-</b>	<b>-</b>	<b>61,547</b>

## E1 Interests in associates (continued)

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2021 to 30 June 2022.

	Centuria Diversified Property Fund <sup>(i)</sup> \$'000	Centuria Government Income Property Fund No.2 \$'000	Centuria Diversified Property Fund No.2 <sup>(i)</sup> \$'000	Centuria Wholesale Agricultural Trust No. 2 <sup>(ii)</sup> '000	Total \$'000
<b>Movement in carrying amount of equity account investments</b>					
Opening balance as at 1 July 2021	28,144	-	-	-	28,144
Carrying value transferred from controlled property	-	-	12,827	-	12,827
Acquisition of Investments	-	12,424	-	10,325	22,749
Share of net profit after tax	880	428	1,169	1,713	4,190
Distribution received/ receivable	(3,596)	(335)	(403)	(461)	(4,795)
Disposal of investments	-	(4,774)	-	(3,550)	(8,324)
Carrying value transferred from financial assets	-	-	-	(8,027)	(8,027)
Merger of CDPF and PPIF <sup>(i)</sup>	13,593	-	(13,593)	-	-
Closing balance as at 30 June 2022	<b>39,021</b>	<b>7,743</b>	<b>-</b>	<b>-</b>	<b>46,764</b>

<sup>(i)</sup>On 27 May 2022, Centuria Diversified Property Fund (CDPF) and Centuria Diversified Property Fund No.2 (formerly known as Primewest Property Income Fund) (PPIF) were stapled together. After the stapling, the Fund's residual combined ownership stake is 22.38% as at 30 June 2022.

<sup>(ii)</sup>The fund was previously known as Primewest Agriculture No. 2 Fund

## E1 Interests in associates (continued)

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

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

	Centuria Diversified Property Fund		Centuria Government Income Property Fund No. 2		Allendale Square Fund		Total	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Summarised balance sheet</b>								
Cash and other cash equivalents	4,898	10,121	538	1,557	13,753	-	19,189	11,678
Other current assets	4,171	12,086	1,944	1,958	1,177	-	7,292	14,044
<b>Total current assets</b>	<b>9,069</b>	<b>22,207</b>	<b>2,482</b>	<b>3,515</b>	<b>14,930</b>	<b>-</b>	<b>26,481</b>	<b>25,722</b>
Non-current assets	231,182	244,914	61,821	62,814	122,599	-	415,602	307,728
<b>Total non-current assets</b>	<b>231,182</b>	<b>244,914</b>	<b>61,821</b>	<b>62,814</b>	<b>122,599</b>	<b>-</b>	<b>415,602</b>	<b>307,728</b>
Other current liabilities	4,251	8,196	448	973	13,451	-	18,150	9,169
<b>Total current liabilities</b>	<b>4,251</b>	<b>8,196</b>	<b>448</b>	<b>973</b>	<b>13,451</b>	<b>-</b>	<b>18,150</b>	<b>9,169</b>
Borrowings	86,530	99,237	30,634	30,585	52,963	-	170,127	129,822
<b>Total non-current liabilities</b>	<b>86,530</b>	<b>99,237</b>	<b>30,634</b>	<b>30,585</b>	<b>52,963</b>	<b>-</b>	<b>170,127</b>	<b>129,822</b>
<b>Net assets</b>	<b>149,470</b>	<b>159,688</b>	<b>33,221</b>	<b>34,771</b>	<b>71,115</b>	<b>-</b>	<b>253,806</b>	<b>194,459</b>
Fund share in %	<b>21.54%</b>	22.38%	<b>21.59%</b>	22.03%	<b>25.91%</b>	-		
Fund's share	<b>32,199</b>	35,738	<b>7,172</b>	7,658	<b>18,426</b>	-		
Goodwill	<b>3,661</b>	3,283	<b>89</b>	85	-	-		
Carrying amount	<b>35,860</b>	39,021	<b>7,261</b>	7,743	<b>18,426</b>	-		

**E1 Interests in associates (continued)****(a) Summarised financial information for associates and joint ventures (continued)**

	Centuria Diversified Property Fund		Centuria Government Income Property Fund No. 2		Allendale Square Fund		Total	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Summarised statement of comprehensive income</b>								
Revenue	19,304	6,977	4,173	2,394	8,985	-	32,462	9,371
Net gain loss on fair value of investment properties	(6,339)	(390)	(1,317)	(1,871)	-	-	(7,656)	(2,261)
Finance costs	(3,583)	(1,209)	(789)	(385)	(1,558)	-	(5,930)	(1,594)
Gain/(loss) on fair value of investments	(1,939)	1,311	(199)	2,106	-	-	(2,138)	3,417
Other expenses	(8,371)	(4,603)	(1,541)	(821)	(2,689)	-	(12,601)	(5,424)
<b>Profit/(loss) for the period</b>	<b>(928)</b>	<b>2,086</b>	<b>327</b>	<b>1,423</b>	<b>4,738</b>	<b>-</b>	<b>4,137</b>	<b>3,509</b>
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>(928)</b>	<b>2,086</b>	<b>327</b>	<b>1,423</b>	<b>4,738</b>	<b>-</b>	<b>4,137</b>	<b>3,509</b>
Fund share in %	<b>21.54%</b>	22.38%	<b>21.59%</b>	22.03%	<b>25.91%</b>	-		
Fund share in \$	<b>(200)</b>	880	<b>71</b>	428	<b>1,227</b>	-		

**E2 Interests in subsidiaries**

The Fund's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have issued capital consisting solely of ordinary units that are held directly by the Fund, and the proportion of ownership interests held equals the voting rights held by the Fund. The subsidiaries are incorporated in Australia which is also their principal place of business.

Name of subsidiary	Ownership interest %	
	30 June 2023	30 June 2022
Centuria Agri Logistics I REIT	100%	100%
Centuria ALRI (A) Trust	100%	100%
Centuria ALRI (B) Trust	100%	100%
Centuria ALRI (C) Trust	100%	100%
Centuria Capital Health 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. 6 Fund	100%	100%
Centuria Capital No. 7 Fund	100%	100%
Centuria Capital No. 8 Fund	100%	100%
Centuria Lane Cove Debt Fund	100%	100%
Primewest 140 St George Terrace Fund	100%	100%
Centuria 111 St Georges Terrace Fund*	0%	42%

\*During the period Centuria 111 St Georges Terrace Fund was deconsolidated and is now a financial asset with a holding of 18.06%.

**Recognition and measurement****(i) Basis of consolidation**

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

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

## E3 Parent entity disclosure

As at, and throughout the current financial year, the parent entity of the Fund was Centuria Capital No. 2 Fund.

	2023 \$'000	2022 \$'000
<b>Result of parent entity</b>		
Profit for the year	45,277	51,561
<b>Total comprehensive income for the year</b>	<u>45,277</u>	<u>51,561</u>

### Financial position of parent entity at year end

Total assets	1,072,606	1,100,478
Total liabilities	(407,753)	(433,402)
<b>Net assets</b>	<u>664,853</u>	<u>667,076</u>

The assets and liabilities of the parent entity are considered current except for the parent entity's investment in subsidiaries. The assets of the parent entity mainly consist of cash, short term receivables and financial assets. The parent entity's investment in subsidiaries are measured at cost. The liabilities of the parent entity mainly consist of short term payables.

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

Share capital	679,965	679,965
Accumulated losses	(15,112)	(12,889)
<b>Total equity</b>	<u>664,853</u>	<u>667,076</u>

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

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

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

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



## F Other

### F1 Financial instruments

#### (a) Management of financial instruments

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

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

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

#### (b) Capital risk management

The Fund manages its capital to ensure that entities in the Fund will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of debt and equity capital.

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

The Fund carries on business throughout Australia, primarily through subsidiary companies that are established in the markets in which the Fund operates.

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

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

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

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

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

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

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

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

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

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

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

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

## F1 Financial instruments (continued)

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

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

30 June 2023	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000*
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	56,676	56,676
Receivables	Amortised cost	Not applicable	9,736	9,736
Financial assets	Fair value	Level 1	361,389	361,389
Financial assets	Fair value	Level 2	92,446	92,446
Financial assets	Amortised cost	Not applicable	417,299	417,299
			<b>937,546</b>	<b>937,546</b>
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	30,611	30,611
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	375,493	371,484
			<b>406,104</b>	<b>402,095</b>

\*For financial asset amounts classified at amortised cost, the fair value amount is equal to the carrying amount.

30 June 2022	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000*
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	16,812	16,812
Receivables	Amortised cost	Not applicable	11,292	11,292
Financial assets	Fair value	Level 1	368,330	368,330
Financial assets	Fair value	Level 2	74,580	74,580
Financial assets	Amortised cost	Not applicable	491,104	491,104
			<b>962,118</b>	<b>962,118</b>
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	49,752	49,752
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	475,431	470,943
Total			<b>525,183</b>	<b>520,695</b>

\*For financial asset amounts classified at amortised cost, the fair value amount is equal to the carrying amount.

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

### (d) Credit risk

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

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

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

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

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

## F1 Financial instruments (continued)

### (e) Liquidity risk

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

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

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

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

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

	On Demand	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivative financial liabilities</b>						
<b>Consolidated</b>						
<b>2023</b>						
Borrowings	-	6,974	52,457	404,061	-	463,492
Payables	-	30,611	-	-	-	30,611
<b>Total</b>	-	37,585	52,457	404,061	-	494,103
<b>2022</b>						
Borrowings	-	6,225	21,486	544,748	-	572,459
Payables	-	49,752	-	-	-	49,752
<b>Total</b>	-	55,977	21,486	544,748	-	622,211

### (f) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and price risk. Due to the nature of assets held by the Fund, there is an asset and liability management process which determines the interest rate sensitivity of the statement of financial position and the implementation of risk management practices to hedge the potential effects of interest rate changes.

#### (i) Equity price risk

The Fund is exposed to equity price risk arising from investments held and classified as at fair value through profit or loss. The exposure to equity price risk at the end of the reporting period, assuming equity prices had been 10% higher or lower while all other variables were held constant, would increase/decrease net profit by \$45.2 million (2022: \$44.3 million).

#### (ii) Interest rate risk management

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

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

**F1 Financial instruments (continued)****(f) Market risk (continued)****(ii) Interest rate risk management (continued)**

	Weighted average effective interest rate	Variable rate \$'000	Fixed rate \$'000	Total \$'000
<b>2023</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4.25%	56,676	-	56,676
Other interest bearing loans	11.53%	419,269	-	419,269
Total financial assets		475,945	-	475,945
<b>Financial liabilities</b>				
Borrowings	7.55%	(274,940)	(100,553)	(375,493)
Total financial liabilities		(274,940)	(100,553)	(375,493)
Net interest bearing financial liabilities		201,005	(100,553)	100,452

	Weighted average effective interest rate	Variable rate \$'000	Fixed rate \$'000	Total \$'000
<b>2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	0.10%	16,812	-	16,812
Other interest bearing loans	8.75%	-	492,097	492,097
Total financial assets		16,812	492,097	508,909
<b>Financial liabilities</b>				
Borrowings	5.23%	(374,878)	(100,553)	(475,431)
Total financial liabilities		(374,878)	(100,553)	(475,431)
Net interest bearing financial liabilities		(358,066)	391,544	33,478

**(iii) Interest rate sensitivity**

The sensitivity analysis below has been determined based on the parent and the Fund's exposure to interest rates at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of financial assets and financial liabilities that have variable interest rates. A 100 basis points (1%) increase or decrease represents management's assessment of the reasonably possible change in interest rate.

At reporting date, if variable interest rates had been 100 basis points (FY22:100) higher or lower and all other variables were held constant, the impact to the Fund would have been as follows:

	Change in variable		Effect on profit	
	2023	2022	2023 \$'000	2022 \$'000
<b>Consolidated</b>				
Interest rate risk	+1.00%	+1.00%	2,010	(3,626)
<b>Consolidated</b>				
Interest rate risk	-1.00%	-1.00%	(2,010)	3,626

The sensitivity analysis takes into account interest-earning assets and interest-bearing liabilities attributable to the shareholders only, and does not take into account the bank bill facility margin changes.

## F2 Remuneration of auditors

Amounts received or due and receivable by KPMG:

	2023 \$	2022 \$
Audit and review of the financial report	<u>29,159</u>	<u>27,125</u>

## F3 Key management personnel

The Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Fund. The directors of the Responsible Entity are key management personnel of that entity and their names are:

Mr Garry Charny  
 Ms Kristie Brown  
 Mr Peter Done  
 Mr Jason Huljich  
 Mr John McBain  
 Mr John Slater  
 Ms Susan Wheeldon

No compensation is paid directly by the Fund to any of the directors or key management personnel of the Responsible Entity.

### Key management personnel loan disclosures

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

## F4 Events subsequent to the reporting date

There has not arisen in the interval between 30 June 2023 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 Fund, the results of those operations, or the state of affairs of the Fund, in future financial periods.

## Director's declaration

In the opinion of the Directors' of Centuria Funds Management Limited as the Responsible Entity of Centuria Capital No. 2 Fund:

- (a) the consolidated financial statements and notes set out on pages 9 to 35, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

18 August 2023



# Independent Auditor's Report

To the unitholder of Centuria Capital No. 2 Fund

## Opinion

We have audited the **Financial Report** of Centuria Capital No. 2 Fund (the Fund Financial Report).

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

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated balance sheet as at 30 June 2023
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration

The **Group** consists of the Fund and the entities it controlled at the year-end or from time to time during the financial year.

## Basis for opinion

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

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

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

## Key Audit Matters

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

This matter was 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 this matter.

Valuation of investments in related party unit trusts (\$453.5m)	
Refer to Note C2 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group's investments consist primarily of investments in related party unit trusts.</p> <p>We considered these investments to be a key audit matter as they:</p> <ul style="list-style-type: none"> <li>- Are significant in value (being 45.3% of total assets);</li> <li>- Are important in driving the Group's investment income; and</li> <li>- Contain assumptions with estimation uncertainty for us to consider.</li> </ul>	<p>As part of our procedures, we:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the accounting policies applied by the Group, including those relevant to the fair value hierarchy of investments against the requirements of the accounting standards; and</li> <li>• Checked the valuation of investments as at 30 June 2023, as recorded in the general ledger, to external data (listed and quoted unit prices).</li> <li>• Assessed the disclosures in the financial report, including checking the sensitivity analysis calculations, using our understanding obtained from our testing, against accounting standard requirements</li> </ul>

## Other Information

Other Information is financial and non-financial information in Centuria Capital No. 2 Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Centuria Funds Management Limited (the Responsible Entity) are responsible for the Other Information.

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

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

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



## Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Fund 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.



KPMG



Paul Thomas

*Partner*

Sydney

18 August 2023