

Centuria Capital No. 2 Fund

ABN 24 858 616 727

Financial Report for the year ended 30 June 2024

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.

Contents

Director's report	Page 1
Lead auditor's independence declaration	8
Consolidated financial statements	9
Independent auditor's report	37

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 22 August 2024.

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 2024 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	Resigned	Directorship of other Centuria 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)
Ms Joanne Dawson	28 November 2023		Centuria Capital Limited (ASX:CNI)
Mr Peter J. Done	8 August 2016	17 November 2023	Centuria Capital Limited (ASX:CNI); Centuria Industrial REIT (ASX:CIP) (i) Centuria Office REIT (ASX:COF) (ii) Centuria Capital Limited (ASX:CNI) Centuria Capital Limited (ASX:CNI) Asset Plus Limited (NZX:APL)
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:

Mr Garry S. Charny, BA. LL.B. Independent Non-Executive Director and Chairman		
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 & 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 & Compliance Committee</p> <p>Chairman of the Centuria Healthcare Pty Ltd Board</p>	
Interests in CC2F	Ordinary units	nil

Directors and directors' interests (continued)

Ms Kristie R. Brown, 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 & 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&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 & Compliance Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Conflicts Committee</p>	
Interests in CC2F	Ordinary units	nil

Ms Joanne Dawson, <i>Independent Non-Executive Director</i>		
Experience and expertise	<p>Joanne Dawson joined the Centuria Board as an Independent Non-Executive Director as well as a member and Chair of the Group's Audit, Risk and Compliance Committee (ARCC) in November 2023.</p> <p>Ms Dawson has experience in highly regulated, service businesses coupled with a long history of corporate transactions. She is presently a Non-Executive Director of PSC Insurance Group Limited (ASX:PSI), AMA Group Limited (ASX:AMA), Pacific Current Group Limited (ASX:PAC), Bank First Ltd, PetSure (Australia) Pty Ltd and an Independent Trustee Director and Chair of the Investment Committee of Vision Super.</p> <p>Her previous board experience includes Templeton Global Growth Fund Limited (ASX:TGG). She worked with Deloitte in both Australia and the USA in their Financial Services, Assurance and Advisory Division including as a consultant to the US Department of Housing and Urban Development. She was also founder and CEO of Executive Wealth Strategies, is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors. She has a Bachelor of Commerce from the University of Melbourne and a Master of Business Administration from RMIT.</p>	
Directorship of other listed companies ⁽¹⁾	<p>Centuria Capital Limited (ASX:CNI)</p> <p>AMA Group Limited (ASX:AMA)</p> <p>Pacific Current Group Limited (ASX:PAC)</p> <p>PSC Insurance Group Limited (ASX:PSI)</p>	
Responsibilities	<p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards</p> <p>Chair of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk & Compliance Committee</p> <p>Member of the Centuria Life Board</p> <p>Chair of the Centuria Life Audit Committee</p> <p>Chair of the Centuria Life Limited Risk & Compliance Committee</p>	
Interests in CC2F	Ordinary units	nil

⁽¹⁾ Joanne Dawson was formerly a Director of Templeton Global Growth Fund Limited (ASX:TGG) with a resignation date of 1 November 2021.

Directors and directors' interests (continued)

Mr Jason C. Huljich , B. Comm. <i>Executive Director and Joint Chief Executive Officer</i>		
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&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.</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)

Mr John E. McBain , 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&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&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

Mr John R. Slater , 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 & 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 & Compliance Committee</p> <p>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination & 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)

Ms Susan L. Wheeldon, MBA. <i>Independent Non-Executive Director</i>		
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 & 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 & Wood Mallesons, working with the Virgin Australia & Virgin Atlantic airline brands, as Vice President of Groupon, and as Head of Brand & 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 & 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 13 June 2024, the Fund entered into two new loan notes, Loan Note A1 (\$60 million) and Loan Note A2 (\$40 million) which are both due to mature on 13 June 2029.

Operating and financial review

The Fund's loss from continuing operations for the year ended 30 June 2024 was \$4,080,000 (2023: profit \$41,831,000). The Fund's profit from continuing operations for the year ended 30 June 2024 excluding fair value movements of financial instruments and property was \$40,901,000 (2023: \$45,707,000).

Distributions

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

	Cents per unit	Total amount \$'000	Date paid/payable
Distributions paid during the year			
Interim 2024 distribution	1.54	24,067	31 December 2023
Distributions declared during the year			
Final 2024 distribution	0.22	3,424	30 June 2024
Total amount	1.76	27,491	

Events subsequent to the reporting date

There has not arisen in the interval between 30 June 2024 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.

Business strategy, future opportunities and business risks effecting the Fund

The Fund continues to pursue its strategy of focusing on its core operations, these operations are summarised below.

Co-Investments

The Fund holds a range of co-investments. These holdings are diversified across real estate and credit funds within the Fund. This diversification is expected to continue to deliver returns to the Fund in line with the performance of these underlying funds as well as acting as a risk mitigant of exposure to any one sector. The diversification of holdings means the performance of the Fund's co-investments will vary through differing economic cycles. The relative performance of each holding and the differing time horizons each investment is held may also contribute to changing return profiles for the Fund.

Ultimately, in addition to delivering returns, this operating segment supports the growth of the Fund's real estate management platform.

Operational risks

As well as the specific risks noted above, the Fund is faced with a number of broad operational risks that may impact on the future financial performance of the Fund, these include:

- Cyber security risk
- Regulatory risk
- Outsourcing risk
- Human resourcing risk (including culture risk)
- Insurance risk
- Financial costs
- Access to capital (via capital markets)
- Work Health and Safety (WHS) risks (both corporate and across the property portfolio)
- Business disruption / continuity

Each of the Fund's material risks are monitored and managed at both consolidated and subsidiary entity levels applying a strong risk management framework supported by a strong risk culture, an experienced and specialist management team and Board and Committee oversight of the management of material risks within the risk appetite set by the Board.

Centuria's Operations and Risk Team are investing significant time and focus on Operational Risk and Resilience and cyber security as it uplifts to meet evolving risks and regulatory expectations. Significant focus has also been given by the Property Management and Risk Team to Centuria's WHS practices as the number and diversity of assets managed within the property portfolio has grown.

The Centuria sustainability framework addresses ESG-related topics that are relevant to Centuria and our business operations. The sustainability framework provides a strategic focus on ESG topics where risks may evolve, including climate change, energy, and emissions. Centuria has set a clear mandate for the Fund to consider the impacts of climate change on its operations and investments through an approved ESG Policy.

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.

Environmental regulation

The Australian Accounting Standards Board (AASB) has released *Exposure Draft ED SR1 Australian Sustainability Reporting Standards - Disclosure of Climate-related Financial Information*. ED SR1 includes three proposed Australian Sustainability Reporting Standards (ASRS) that are based on the International Financial Reporting Standards Sustainability Disclosure Standards.

Environmental regulation (continued)

The Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 was introduced into parliament in March 2024 to phase in new mandatory climate-related financial disclosure obligations for entities based on the requirements outlined in ED SR1.

The Fund is focussed on progressing its preparedness for mandatory climate-related disclosures in Australia.

Other than the above, the Fund's operations are not subject to any additional significant environmental regulation under Commonwealth, State or Territory legislation.

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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

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 and consolidated financial statements. Amounts in the Directors' Report and consolidated financial statements 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



Ms Joanne Dawson
Director

Sydney
22 August 2024



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 2024 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

22 August 2024

Centuria Capital No. 2 Fund

ACN 607 153 588

Financial report 30 June 2024

Contents

	Page
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Consolidated statement of changes in equity	12
Consolidated statement of cash flows	14
Notes to the consolidated financial statements	15
A About the report	15
A1 General information	15
A2 Material accounting policies	15
A3 Other new accounting standards and interpretations	15
A4 Use of judgements and estimates	16
A5 Going concern	16
B Business performance	17
B1 Revenue	17
B2 Fair value movements of financial assets	17
B3 Expenses	18
B4 Finance costs	18
B5 Taxation	18
B6 Distributions	18
C Assets and liabilities	19
C1 Receivables	19
C2 Financial assets	19
C3 Payables	22
C4 Borrowings	23
C5 Contributed equity	24
D Cash flows	25
D1 Reconciliation of profit/(loss) for the period to net cash flows from operating activities	25
E Group Structure	26
E1 Interests in associates	26
E2 Interests in subsidiaries	29
E3 Parent entity disclosure	30
F Other	31
F1 Financial instruments	31
F2 Remuneration of auditors	35
F3 Key management personnel	35
F4 Events subsequent to the reporting date	35
Director's declaration	36
Independent auditor's report	37

Consolidated statement of comprehensive income

For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Revenue	B1	80,580	75,862
Share of net (loss)/profit of equity accounted investments	E1	(4,244)	473
Fair value movements of financial assets	B2	(44,981)	(3,876)
Expenses	B3	(126)	(221)
Finance costs	B4	(35,309)	(30,407)
Net (loss)/profit		(4,080)	41,831
(Loss)/profit is attributable to:			
Centuria Capital No. 2 Fund		(4,080)	41,831
(Loss)/profit after tax		(4,080)	41,831
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(4,080)	41,831
Total comprehensive (loss)/income for the year is attributable to:			
Centuria Capital No. 2 Fund		(4,080)	41,831
Total comprehensive (loss)/income		(4,080)	41,831
Total comprehensive (loss)/income for the year attributable to the unitholder of Centuria Capital No. 2 Fund		(4,080)	41,831

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 2024

	Notes	2024 \$'000	2023 \$'000
Assets			
Cash and cash equivalents		43,421	56,676
Receivables	C1	7,779	9,736
Financial assets	C2	905,027	871,134
Other assets		1,488	1,460
Equity accounted investments	E1	53,324	61,547
Total assets		1,011,039	1,000,553
Liabilities			
Payables	C3	9,100	30,611
Borrowings	C4	439,061	375,493
Total liabilities		448,161	406,104
Net assets		562,878	594,449
Equity			
Equity attributable to Centuria Capital No. 2 Fund			
Contributed equity	C5	679,965	679,965
Retained losses		(117,087)	(85,516)
Total equity attributable to Centuria Capital No. 2 Fund		562,878	594,449
Total equity		562,878	594,449

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 2024

	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 equity \$'000
Balance at 1 July 2023	679,965	(85,516)	594,449	-	-	594,449
Profit for the year	-	(4,080)	(4,080)	-	-	(4,080)
Total comprehensive income for the year	-	(4,080)	(4,080)	-	-	(4,080)
Distributions paid/accrued	-	(27,491)	(27,491)	-	-	(27,491)
Balance at 30 June 2024	679,965	(117,087)	562,878	-	-	562,878

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

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 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Interest received		55,238	38,655
Distributions received		34,640	35,212
Interest paid		(33,268)	(30,481)
Payments to suppliers		(284)	(184)
Other income		-	101
Net cash provided by operating activities	D1	56,326	43,303
Cash flows from investing activities			
Loans repaid by related parties		84,830	87,250
Proceeds from sale of related party investments		143,110	54,223
Loans repaid from other parties		85,950	39,734
Proceeds from sale of equity accounted investments		550	32,337
Purchase of investments in related parties		(201,144)	(51,862)
Purchase of equity accounted investments		(8)	(42,567)
Loans to other parties		(85,950)	(39,734)
Loans to related parties		(121,593)	(13,702)
Deconsolidation of controlled property funds cash balance		-	(3,914)
Net cash (used)/provided by investing activities		(94,255)	61,765
Cash flows from financing activities			
Proceeds from borrowings		247,500	96,650
Repayment of borrowings		(184,553)	(113,300)
Distributions paid		(36,878)	(47,500)
Costs paid to issue debt		(1,395)	(1,054)
Net cash provided/(used) by financing activities		24,674	(65,204)
Net (decrease)/increase in cash and cash equivalents		(13,255)	39,864
Cash and cash equivalents at the beginning of the financial period		56,676	16,812
Cash and cash equivalents at end of year		43,421	56,676

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

A About the report

A1 General information

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 2024 were authorised for issue on 22 August 2024.

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 Material 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 2023 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 material 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.

A3 Other new accounting standards and interpretations

The AASB has issued new or amendments to standards that are first effective from 1 July 2023.

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 17 Insurance Contracts
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current
- 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(b) Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2022-1 Amendments to Australian Accounting Standards - Initial application of AASB 17 and AASB 9 - Comparative Information
- AASB 2022-2 Amendments to Australian Accounting Standards - Extending Transition Relief Under AASB 1

A3 Other new accounting standards and interpretations (continued)

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 18 - Presentation and Disclosure in Financial Statements
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2021-7(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 settlement of liabilities in the ordinary course of business.

The Fund is in a net current liability position as at 30 June 2024 as two loan facilities with a combined balance of \$100,000,000 are due for repayment in the coming twelve months. The Fund remains a going concern on the basis as it has access to sufficient funding to repay these loans and continue to operate.

B Business performance

B1 Revenue

	2024 \$'000	2023 \$'000
Interest revenue	49,540	45,124
Distribution revenue	30,905	30,637
Other income	135	101
	80,580	75,862

(a) Transactions with related parties

	2024 \$	2023 \$
Interest income on loan to Centuria Finance Pty Limited	47,281,862	43,374,080
Distributions from Property Funds managed by Centuria	29,819,715	29,650,150
Interest income on loan to Bass Property Credit Fund	648,011	589,705
Interest income on loan to Centuria Bass Credit Fund	348,798	98,533
Interest income on loans to Property Funds managed by Centuria	110,228	276,170
	78,208,614	73,988,638

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) 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 assets

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

	2024 \$'000	2023 \$'000
Movement in Centuria Industrial REIT's listed market price	(6,959)	22,423
Movement in Centuria Office REIT's listed market price	(23,540)	(29,246)
Other fair value movements	(14,482)	2,947
Total fair value movement	(44,981)	(3,876)

B3 Expenses

	2024 \$'000	2023 \$'000
Consulting and professional fees	69	53
Other expenses	57	2
Property outgoings and fund expenses	-	166
	126	221

B4 Finance costs

	2024 \$'000	2023 \$'000
Interest charges	35,300	30,405
Other finance costs	9	2
	35,309	30,407

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

	2024 Cents per unit	Total \$'000	2023 Cents per unit	Total \$'000
Distributions paid during the year				
Interim distribution	1.54	24,067	1.45	22,740
Distributions declared during the year				
Final distribution	0.22	3,424	1.58	24,760
Distributions paid/declared during the year	1.76	27,491	3.03	47,500

C Assets and liabilities

C1 Receivables

	2024 \$'000	2023 \$'000
Receivables from related parties (refer to note C1(a))	7,765	9,721
Other receivables	14	15
	7,779	9,736

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:

	2024 \$	2023 \$
Distribution receivable from Centuria Industrial REIT	3,092,795	3,092,795
Distribution receivable from Centuria Office REIT	2,664,900	3,131,257
Distribution receivable from property funds managed by Centuria	1,193,497	1,024,321
Intercompany receivable from entities within Centuria Capital Group	813,523	538,537
Recoverable expenses owing from property funds managed by Centuria	-	1,934,170
	7,764,715	9,721,080

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	2024 \$'000	2023 \$'000
Investment in related party unit trusts	C2(a)	467,298	453,487
Loans receivable from related parties	C2(b)	437,380	417,299
Investments in trusts and other financial assets		349	348
		905,027	871,134

Financial assets are classified as non-current assets as at 30 June 2024 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 \$	2024 Units held	Ownership %	Fair value \$	2023 Units held	Ownership %
Financial assets held by the Fund						
Centuria Industrial REIT	232,732,854	77,319,885	12.18%	239,691,644	77,319,885	12.18%
Centuria Office REIT	98,157,141	88,829,992	14.87%	121,697,089	88,829,992	14.87%
Centuria Healthcare Property Fund	41,830,849	52,106,190	14.18%	-	-	0%
Prime Healthcare Holding Trust	25,745,420	25,745,420	10.00%	22,347,535	22,392,320	10.00%
Centuria Healthcare Direct Medical Fund No. 2	24,017,154	19,253,772	12.37%	23,423,708	18,673,473	12.04%
Dragon Hold Trust	12,799,014	969,622,257	10.00%	13,135,312	969,622,257	10.00%
Centuria 111 St Georges Terrace Fund	12,832,360	3,485,539	18.06%	13,155,329	3,485,539	18.06%
Matrix Trust	4,899,403	6,916,153	2.70%	7,257,146	6,916,153	2.70%
Centuria Select Opportunities Fund	3,530,800	3,530,800	15.37%	-	-	0%
Centuria Healthcare Aged Care Property Fund No. 1	3,515,445	5,513,559	9.21%	3,599,019	5,513,559	9.21%
Centuria Wholesale Agricultural Trust No. 2	3,415,960	4,324,000	12.64%	4,659,877	4,324,000	12.64%
Centuria Industrial Income Fund No. 2	3,061,307	3,227,865	14.38%	3,563,945	3,563,945	15.88%
Centuria Government Income Property Fund	501,960	643,539	0.48%	662,845	643,539	0.48%
Centuria ATP Fund	197,591	104,545	0.23%	226,863	104,545	0.17%
Centuria 25 Grenfell Street Fund	36,729	40,010	0.08%	42,811	40,010	0.08%
Northgate Geraldton Trust	10	10	0%	10	10	0%
Centuria Life Goals - Various Funds	24,096	23,096	0%	24,096	23,096	0%
	<u>467,298,093</u>			<u>453,487,229</u>		

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

	2024 \$	2023 \$
Related party unit trusts carried at fair value through profit and loss		
Opening balance	453,487,229	442,874,549
Investments purchased	201,901,393	50,772,754
Fair value loss	(44,980,594)	(3,192,932)
Disposal	(142,546,199)	(54,163,653)
Return of capital	(563,736)	-
Carrying value transferred from equity accounted investments	-	17,196,511
	467,298,093	453,487,229

(b) Loans receivable from related parties

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

	2024 \$	2023 \$
Centuria Finance Pty Limited	408,813,703	417,299,109
CHPF 4 Sub Trust	28,566,752	-
	437,380,455	417,299,109

	2024 \$	2023 \$
Opening balance	417,299,109	491,103,520
Drawdowns	48,879,452	12,050,000
Capitalised interest	47,281,862	43,374,080
Repayments	(76,079,968)	(129,228,491)
	437,380,455	417,299,109

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.

\$28,566,752 of the loan receivable from CHPF 4 Sub Trust accrues interest equivalent to the underlying properties net operating income and has a maturity date of 20 March 2025 or such other date as the Fund and borrower may agree in writing. Therefore it is considered current.

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 2024.

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 Payables

	2024 \$'000	2023 \$'000
Amounts due to related parties	3,424	24,760
Sundry creditors ⁽ⁱ⁾	5,676	5,851
	<u>9,100</u>	<u>30,611</u>

Payables are classified as current.

(i) Sundry creditors are non-interest bearing liabilities and are payable on commercial terms of up 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:

	2024 \$	2023 \$
Distribution payable to Centuria Capital Fund	3,424,000	24,760,000
	<u>3,424,000</u>	<u>24,760,000</u>

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.

C4 Borrowings

	Notes	2024 \$'000	2023 \$'000
Secured listed redeemable notes	C4(a)	198,693	198,693
Floating rate secured notes	C4(b)	173,500	80,000
Fixed rate secured notes	C4(b)	70,000	100,553
Borrowing costs capitalised		(3,132)	(3,753)
		439,061	375,493
		2024	2023
		\$	\$
Opening balance		375,493,051	475,430,764
Drawdowns		247,500,000	96,650,000
Repayments		(184,553,000)	(113,300,000)
Movement in controlled property funds		-	(84,043,531)
Net amortisation of capitalised borrowing costs		620,513	755,818
Closing balance		439,060,564	375,493,051

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.

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

(b) Secured notes

Floating	Classification	Coupon Rate	Due Date	Total facility \$'000	Facility available \$'000	2024 \$'000	2023 \$'000
Tranche 8	Current	BBSW +3.35%	25 Mar 2025	30,000	-	30,000	30,000
Revolver A	Non-current	BBSY +2.35%	30 Jun 2027	50,000	30,000	20,000	-
Revolver B	Non-current	BBSY +1.95%	30 Jun 2027	25,000	11,500	13,500	-
Term Loan	Non-current	BBSY +2.60%	6 Apr 2028	50,000	-	50,000	50,000
Loan Note A1 - Term Loan	Non-current	BBSY +2.95%	13 Jun 2029	60,000	-	60,000	-
Loan Note A2 - Revolver	Non-current	BBSY +2.95%	13 Jun 2029	40,000	40,000	-	-
				255,000	81,500	173,500	80,000
Fixed	Classification	Coupon Rate	Due Date	Total facility \$'000	Facility available \$'000	2024 \$'000	2023 \$'000
Tranche 5	Current	5.00%	21 Apr 2024	-	-	-	30,553
Tranche 7	Current	5.46%	25 Mar 2025	70,000	-	70,000	70,000
				70,000	-	70,000	100,553

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

On 21 April 2024, the Fund fully repaid Tranche 5.

On 13 June 2024, the Fund negotiated two new loan notes, Loan Note A1 (\$60 million) and Loan Note A2 (\$40 million) with maturity terms of 13 June 2029.

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.

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.

C5 Contributed equity

	2024		2023	
	No. of units	\$'000	No. of units	\$'000
Balance at beginning of the period	1,564,025,635	679,965	1,564,025,635	679,965
Balance at end of the period	1,564,025,635	679,965	1,564,025,635	679,965

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

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

	2024 \$'000	2023 \$'000
(Loss)/profit for the year	(4,080)	41,831
Add/(deduct) non-cash items:		
Equity accounted profit in excess of distributions paid	7,681	2,980
Fair value movement of financial instruments	44,981	3,876
Non-cash interest capitalised on related party loan	5,708	(6,470)
Amortisation of borrowing costs	2,016	1,810
Changes in net assets and liabilities:		
Decrease in assets:		
Decrease in receivables	298	1,122
Decrease in liabilities:		
Decrease in other payables	(278)	(1,846)
Net cash flows provided by operating activities	56,326	43,303

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 2024 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 2024 %	% of ownership interest 30 June 2023 %	Principal activity	Carrying amount	
				30 June 2024 \$'000	30 June 2023 \$'000
Centuria Diversified Property Fund	22.19	21.54	Property investments	29,799	35,860
Allendale Square Fund	25.27	25.91	Property investments	18,353	18,426
Centuria Government Income Property Fund No. 2	21.31	21.59	Property investments	5,172	7,261
Total equity accounted investments				53,324	61,547

Equity accounted investments are classified as non-current.

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 2023 to 30 June 2024.

	Centuria Diversified Property Fund \$'000	Centuria Government Income Property Fund No. 2 \$'000	Allendale Square Fund \$'000	Total \$'000
Movements in carrying amounts of equity accounted investments				
Opening balance as at 1 July 2023	35,860	7,261	18,426	61,547
Acquisition of Investments	8	-	-	8
Share of net (Loss)/profit after tax	(4,275)	(1,638)	1,669	(4,244)
Distributions received/receivable	(1,794)	(351)	(1,292)	(3,437)
Disposal of Investments	-	(100)	(450)	(550)
Closing balance as at 30 June 2024	29,799	5,172	18,353	53,324

E1 Interests in associates (continued)

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
Movements in carrying amounts of equity accounted investments						
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 to financial assets	-	-	-	(4,802)	(12,395)	(17,197)
Closing balance as at 30 June 2023	35,860	7,261	18,426	-	-	61,547

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	
Summarised statement of financial position	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Cash and other cash equivalents	1,394	4,898	588	538	6,101	13,753	8,083	19,189
Other current assets	4,760	4,171	1,494	1,944	1,071	1,177	7,325	7,292
Total current assets	6,154	9,069	2,082	2,482	7,172	14,930	15,408	26,481
Non-current assets	208,402	231,182	53,270	61,821	125,623	122,599	387,295	415,602
Total non-current assets	208,402	231,182	53,270	61,821	125,623	122,599	387,295	415,602
Other current liabilities	4,953	4,251	545	448	8,636	13,451	14,134	18,150
Total current liabilities	4,953	4,251	545	448	8,636	13,451	14,134	18,150
Borrowings	91,950	86,530	30,952	30,634	52,963	52,963	175,865	170,127
Total non-current liabilities	91,950	86,530	30,952	30,634	52,963	52,963	175,865	170,127
Net assets	117,653	149,470	23,855	33,221	71,196	71,115	212,704	253,806
Fund share in %	22.19%	21.54%	21.31%	21.59%	25.27%	25.91%		
Fund's share	26,104	32,199	5,083	7,172	17,990	18,426		
Goodwill	3,695	3,661	89	89	363	-		
Carrying amount	29,799	35,860	5,172	7,261	18,353	18,426		

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 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Summarised statement of comprehensive income								
Revenue	18,038	19,304	4,232	4,173	14,421	8,985	36,691	32,462
Net gain loss on fair value of investment properties	(21,686)	(6,339)	(3,185)	(1,317)	-	-	(24,871)	(7,656)
Finance costs	(3,475)	(3,583)	(908)	(789)	(2,875)	(1,558)	(7,258)	(5,930)
Gain/(loss) on fair value of investments	(4,937)	(1,939)	(809)	(199)	-	-	(5,746)	(2,138)
Other expenses	(7,206)	(8,371)	(1,694)	(1,541)	(4,941)	(2,689)	(13,841)	(12,601)
Profit/(loss) for the period	(19,266)	(928)	(2,364)	327	6,605	4,738	(15,025)	4,137
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	(19,266)	(928)	(2,364)	327	6,605	4,738	(15,025)	4,137
Fund share in %	22.19%	21.54%	21.31%	21.59%	25.27%	25.91%		
Fund share in \$	(4,275)	(200)	(1,638)	71	1,669	1,227		

E2 Interests in subsidiaries

The Fund's principal subsidiaries at 30 June 2024 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 2024	30 June 2023
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 STG Trust	100%	100%

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.

	2024	2023
	\$'000	\$'000
Result of parent entity		
Profit for the year	8,330	45,277
Total comprehensive income for the year	<u>8,330</u>	<u>45,277</u>
Financial position of parent entity at year end		
Total assets	1,126,671	1,072,606
Total liabilities	(481,554)	(407,753)
Net assets	<u>645,117</u>	<u>664,853</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	(34,848)	(15,112)
Total equity	<u>645,117</u>	<u>664,853</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 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 2024	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000*
Financial assets				
Cash and cash equivalents	Amortised cost	Not applicable	43,421	43,421
Receivables	Amortised cost	Not applicable	7,779	7,779
Financial assets	Fair value	Level 1	330,890	330,890
Financial assets	Fair value	Level 2	136,757	136,757
Financial assets	Amortised cost	Not applicable	437,380	437,380
			<u>956,227</u>	<u>956,227</u>
Financial liabilities				
Payables	Amortised cost	Not applicable	9,100	9,100
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	439,061	437,573
			<u>448,161</u>	<u>446,673</u>

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

30 June 2023	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000*
Financial assets				
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
			<u>937,546</u>	<u>937,546</u>
Financial liabilities				
Payables	Amortised cost	Not applicable	30,611	30,611
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	375,493	371,484
Total			<u>406,104</u>	<u>402,095</u>

*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, which are investments in unlisted securities, by giving consideration to the unit prices and net assets of the underlying funds. The unit prices and net asset values are largely driven by the fair values of investment properties and derivatives held by the underlying funds.

(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.

(e) Liquidity risk

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

F1 Financial instruments (continued)

(e) Liquidity risk (continued)

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
Non-derivative financial liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2024						
Borrowings	-	10,093	124,741	392,507	-	527,341
Payables	-	9,100	-	-	-	9,100
Total	-	19,193	124,741	392,507	-	536,441
2023						
Borrowings	-	6,974	52,457	404,061	-	463,492
Payables	-	30,611	-	-	-	30,611
Total	-	37,585	52,457	404,061	-	494,103

(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 \$47.1 million (2023: \$45.2 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
2024				
Financial assets				
Cash and cash equivalents	4.50%	43,421	-	43,421
Other interest bearing loans	11.81%	437,380	-	437,380
Total financial assets		480,801	-	480,801
Financial liabilities				
Borrowings (net of borrowing costs)	7.69%	(369,061)	(70,000)	(439,061)
Total financial liabilities		(369,061)	(70,000)	(439,061)
Net interest bearing financial liabilities		111,740	(70,000)	41,740
2023				
Financial assets				
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
Financial liabilities				
Borrowings (net of borrowing costs)	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

(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 (FY23:100) 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	
	2024	2023	2024 \$'000	2023 \$'000
Consolidated				
Interest rate risk	+1.00%	+1.00%	1,117	2,010
Consolidated				
Interest rate risk	-1.00%	-1.00%	(1,117)	(2,010)

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:

	2024 \$	2023 \$
Audit and review of the financial report	30,617	29,159

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
- Ms Joanne Dawson
- 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 2024 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 2024 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



Ms Joanne Dawson
Director

22 August 2024



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 and its controlled entities (the Fund).

In our opinion, the accompanying Financial Report of the Fund gives a true and fair view, including of the **Fund's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes, including material accounting policies as at 30 June 2024
- Directors' Declaration.

The **Fund** consists of the Centuria Capital No. 2 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 Fund and Centuria Funds Management Limited (the Responsible Entity of the Fund) 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 Matter

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 (\$467.3m)

Refer to Note C2 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The Fund'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"> are significant in value (being 46.2% of total assets); Are important in driving the Fund's investment income; and Contain assumptions with estimation uncertainty for us to consider. 	<p>As part of our procedures, we:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the accounting policies applied by the Fund, including those relevant to the fair value hierarchy of investments against the requirements of the accounting standards. Checked the valuation of investments as at 30 June 2024, as recorded in the general ledger, to external data (listed and quoted unit prices). Assessed the disclosures in the financial report, including checking the sensitivity analysis calculations, using our understanding obtained from our testing, against accounting standard requirements.

Other Information

Other Information is financial and non-financial information in Centuria Capital No. 2 Fund's annual report 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 in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Fund, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Fund, and that is free from material misstatement, whether due to fraud or error; and
- assessing the 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 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. This description forms part of our Auditor's Report.



KPMG



Paul Thomas

Partner

Sydney

22 August 2024