

## **Centuria Capital No. 2 Fund Interim Financial Report for the half year ended 31 December 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.

**Centuria Capital No. 2 Fund**  
**Interim Financial Report - 31 December 2023**

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These consolidated interim financial statements are the interim financial statements of the consolidated entity consisting of Centuria Capital No. 2 Fund and its subsidiaries. The consolidated interim financial statements are presented in Australian currency.

Centuria Capital No. 2 Fund is a trust, registered and domiciled in Australia. Its registered office and principal place of business is:

Centuria Capital No. 2 Fund  
Level 41, Chifley Tower 2 Chifley Square  
Sydney NSW 2000

The consolidated interim financial statements were authorised for issue on 20 February 2024.

## Directors' report

The directors of Centuria Funds Management Limited (the 'Company') as the Responsible Entity for Centuria Capital No. 2 Fund (the 'Fund') present their interim report together with the consolidated interim financial statements of the Fund and its controlled entities (the 'Fund') for the half year ended 31 December 2023 and the auditor's review report thereon.

### Directors

The following persons were Directors of the Responsible Entity during the half year and up to the date of this report, unless otherwise noted:

Director	Role	Appointment Date	Resignation Date
Mr Garry S. Charny	Independent Non-Executive Director and Chairman	8 August 2016	
Ms Kristie R. Brown	Independent Non-Executive Director	15 February 2021	
Ms Joanne Dawson	Independent Non-Executive Director	28 November 2023	
Mr Peter J. Done	Independent Non-Executive Director	8 August 2016	17 November 2023
Mr Jason C. Huljich	Executive Director and Joint Chief Executive Officer	8 August 2016	
Mr John E. McBain	Executive Director and Joint Chief Executive Officer	8 August 2016	
Mr John R. Slater	Independent Non-Executive Director	8 August 2016	
Ms Susan L. Wheeldon	Independent Non-Executive Director	31 August 2016	

### Operating and financial review

The Fund's profit from continuing operations for the half year ended 31 December 2023 was \$21,530,000 (half year ended 31 December 2022: \$31,146,000).

### Distributions

Distributions paid or declared by the Fund during the current half year were:

Distributions declared during the half year	Cents per unit	Total amount \$'000	Date declared
Interim 2024 distribution	1.54	24,067	31 December 2023

### Events subsequent to the reporting date

There has not arisen in the interval between 31 December 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.

### 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 has a range of co-investments across its divisions. These holdings are diversified across property and credit assets within the Fund. This diversification is expected to continue to deliver returns to the Fund in line with the performance of the underlying funds and well as acting as a risk mitigant of exposure to any one sector.

Whilst the diversification of holdings will mean that the performance of the Funds co-investments will operate differently through economic cycles, the relative performance of each holding may impact on the performance of the Fund.

#### 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.

**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.

In relation to Greenhouse gas and energy reporting, the Fund is focused on reducing its operating carbon emissions through the implementation of sustainability targets that support global efforts to be 1.5°C aligned. The Fund is targeting zero Scope 2 emissions by 2035, with our portfolio being powered by the equivalent of 100% renewable electricity through a combination of onsite solar and large-scale generation certificate (LGC) deals, which match our consumption, and the elimination of gas and diesel where practicable from equipment owned and operated by the Fund by 2035. In FY23, we implemented a 5-star Green Star target for the Centuria Industrial REIT and Centuria Office REIT development pipeline, which will provide third-party verification of our ESG performance for new assets.

**Indemnification of officers and auditors**

Under the Fund's constitution the Responsible Entity, including its officers and employees, is indemnified out of the Funds 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 3.

**Rounding of amounts**

The Fund is an entity of a kind referred to in ASIC Legislative Instrument 2016/191, related to the 'rounding off' of amounts in the Directors' Report and consolidated interim financial statements. Amounts in the Directors' Report and consolidated interim 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  
20 February 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 review of Centuria Capital No. 2 Fund for the half-year ended 31 December 2023 there have been:

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

  
KPMG



Paul Thomas

*Partner*

Sydney

20 February 2024

# Centuria Capital No. 2 Fund

## Interim financial report 31 December 2023

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# Consolidated interim statement of comprehensive income

For the half year ended 31 December 2023

		31 December 2023 \$'000	31 December 2022 \$'000
Revenue	Notes B1	40,178	36,427
Share of net loss of equity accounted investments	D1	(3,133)	(1,062)
Fair value movements of financial instruments	B2	1,835	10,074
Expenses	B3	(38)	(39)
Finance costs	B4	(17,312)	(14,254)
<b>Profit after tax</b>		<b>21,530</b>	<b>31,146</b>
<b>Profit is attributable to:</b>			
Centuria Capital No. 2 Fund		<u>21,530</u>	<u>31,146</u>
<b>Profit after tax</b>		<b>21,530</b>	<b>31,146</b>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<b>21,530</b>	<b>31,146</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Centuria Capital No. 2 Fund		<u>21,530</u>	<u>31,146</u>
<b>Total comprehensive income</b>		<b>21,530</b>	<b>31,146</b>
<b>Total comprehensive income for the period is attributable to unitholder of Centuria Capital No. 2 Fund</b>		<u><b>21,530</b></u>	<u><b>31,146</b></u>

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

# Consolidated interim balance sheet

As at 31 December 2023

		31 December 2023 \$'000	30 June 2023 \$'000
	Notes		
<b>Assets</b>			
Cash and cash equivalents		57,044	56,676
Receivables	C1	18,070	9,736
Financial assets	C2	926,408	871,134
Equity accounted investments	D1	56,392	61,547
Other assets		1,468	1,460
<b>Total assets</b>		<b>1,059,382</b>	<b>1,000,553</b>
<b>Liabilities</b>			
Payables	C4	32,835	30,611
Borrowings	C5	434,635	375,493
<b>Total liabilities</b>		<b>467,470</b>	<b>406,104</b>
<b>Net assets</b>		<b>591,912</b>	<b>594,449</b>
<b>Equity</b>			
<b>Equity attributable to Centuria Capital No. 2 Fund</b>			
Contributed equity	C6	679,965	679,965
Retained losses		(88,053)	(85,516)
<b>Total equity attributable to Centuria Capital No. 2 Fund</b>		<b>591,912</b>	<b>594,449</b>
<b>Equity attributable to external non-controlling interests</b>		<b>-</b>	<b>-</b>
<b>Total equity attributable to external non-controlling interests</b>		<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>591,912</b>	<b>594,449</b>

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

## Consolidated interim statement of changes in equity

For the half year ended 31 December 2023

	Centuria Capital No. 2 Fund		Equity attributable to Centuria Capital No. 2 Fund unitholder \$'000	Non-controlling interests			Total equity \$'000
	Contributed equity \$'000	Accumulated losses \$'000		Contributed equity \$'000	Retained earnings \$'000	Total \$'000	
<b>Balance at 1 July 2023</b>	679,965	(85,516)	594,449	-	-	-	594,449
Profit for the period	-	21,530	21,530	-	-	-	21,530
<b>Total comprehensive income for the period</b>	-	<b>21,530</b>	<b>21,530</b>	-	-	-	<b>21,530</b>
Distributions paid/accrued	-	(24,067)	(24,067)	-	-	-	(24,067)
<b>Balance at 31 December 2023</b>	<b>679,965</b>	<b>(88,053)</b>	<b>591,912</b>	-	-	-	<b>591,912</b>

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

## Consolidated interim statement of changes in equity

For the period ended 31 December 2022

	Centuria Capital No. 2 Fund		Equity attributable to Centuria Capital No. 2 Fund unitholder \$'000	Non-controlling interests			Total equity \$'000
	Contributed equity \$'000	Accumulated losses \$'000		Contributed equity \$'000	Retained earnings \$'000	Total \$'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 period	-	31,146	31,146	-	-	-	31,146
<b>Total comprehensive income for the period</b>	-	<b>31,146</b>	<b>31,146</b>	-	-	-	<b>31,146</b>
Distributions paid/accrued	-	(22,740)	(22,740)	-	-	-	(22,740)
Deconsolidation of controlled property funds	-	-	-	(12,798)	(32,692)	(45,490)	(45,490)
<b>Balance at 31 December 2022</b>	<b>679,965</b>	<b>(71,441)</b>	<b>608,524</b>	-	-	-	<b>608,524</b>

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

# Consolidated interim statement of cash flows

For the half year ended 31 December 2023

	31 December 2023 \$'000	31 December 2022 \$'000
<b>Cash flows from operating activities</b>		
Interest received	30,722	31,697
Distributions received	17,414	16,848
Payments to suppliers	(108)	(151)
Interest paid	(15,406)	(11,554)
Other income	-	7
<b>Net cash provided by operating activities</b>	<u>32,622</u>	<u>36,847</u>
<b>Cash flows from investing activities</b>		
Loans repaid by related parties	24,580	105,269
Loans to related parties	(66,976)	(90,045)
Purchase of investments in related parties	(169,179)	(47,614)
Purchase of equity accounted investments	-	(42,567)
Loans to other parties	(41,200)	(39,479)
Proceeds from sale of equity accounted investments	300	22,969
Proceeds from sale of related party investments	120,763	19,640
Loans repaid by other parties	41,200	18,960
Redemption funds paid	-	(3,998)
Deconsolidation of controlled property funds cash balance	-	(3,916)
<b>Net cash used in investing activities</b>	<u>(90,512)</u>	<u>(60,781)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	88,500	30,000
Costs paid to issue debt	(242)	(550)
Repayment of borrowings	(30,000)	-
<b>Net cash provided by financing activities</b>	<u>58,258</u>	<u>29,450</u>
<b>Net increase in cash and cash equivalents</b>	<b>368</b>	<b>5,516</b>
Cash and cash equivalents at the beginning of the financial period	<u>56,676</u>	<u>16,812</u>
<b>Cash and cash equivalents at end of period</b>	<u>57,044</u>	<u>22,328</u>

The above consolidated interim 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 interests in property funds and other liquid investments. The ultimate parent of the Fund is Centuria Capital Fund.

### Statement of compliance

The consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial statements of the Fund comprising the Fund (as 'Parent') and its controlled entities for the half year ended 31 December 2023 were authorised for issue on 20 February 2024.

The Fund was established on 8 July 2016.

### Basis of preparation

The consolidated interim financial statements have been prepared on the basis of historical cost, except for financial assets at fair value through profit and loss, investment properties, 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, related to the 'rounding off' of amounts in the consolidated interim financial statements. Amounts in the consolidated interim 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 interim 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 interim financial statements.

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

These consolidated interim 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 consolidated interim financial statements. Accounting policies that are specific to a note to the consolidated interim 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 that have been adopted do not have a significant impact on the Fund's consolidated interim financial statements.

### *Standards now effective:*

- AASB 17 Insurance Contracts
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- 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-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 2023-2 Amendments to Australian Accounting Standards - International Tax Reform - Pillar Two Model Rules

### 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 interim financial statements.

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

- AASB 2020-5 Amendments to Australian Accounting Standards - Insurance Contracts
- 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 interim 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 interim financial statements is included in the following notes:

- Note C2 Financial assets
- Note D1 Interest in associates
- Note E1 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

	31 December 2023 \$'000	31 December 2022 \$'000
Interest revenue	24,643	21,320
Distribution revenue	15,400	15,007
Other income	135	100
	<u>40,178</u>	<u>36,427</u>

#### (a) Transactions with related parties

	31 December 2023 \$	31 December 2022 \$
Interest income on loan to Centuria Finance Pty Limited	23,613,502	20,643,400
Distributions from Property Funds managed by Centuria	14,631,707	14,582,820
Interest income on loan to Bass Property Credit Fund	376,210	282,866
Interest income on loan to Centuria Bass Credit Fund	103,688	58,511
Interest income on loans to Property Funds managed by Centuria	15,121	293,106
	<u>38,740,228</u>	<u>35,860,703</u>

### B2 Fair value movements

The following table provides a summary of fair value movements of investments during the period:

	31 December 2023 \$'000	31 December 2022 \$'000
Movement in Centuria Industrial REIT's listed market price	11,598	23,969
Movement in Centuria Office REIT's listed market price	(2,665)	(15,101)
Other fair value movements	(7,098)	1,206
<b>Total fair value movement</b>	<u>1,835</u>	<u>10,074</u>

### B3 Expenses

	31 December 2023 \$'000	31 December 2022 \$'000
Consulting and professional fees	37	23
Other expenses	1	16
	<u>38</u>	<u>39</u>

### B4 Finance costs

	31 December 2023 \$'000	31 December 2022 \$'000
Interest charges	17,309	14,254
Other finance costs	3	-
	<u>17,312</u>	<u>14,254</u>

### B5 Taxation

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

## B6 Distributions

	31 December 2023		31 December 2022	
	Cents per unit	Total \$'000	Cents per unit	Total \$'000
<b>Distributions paid during the half year</b>				
Final 2023 Fund Distribution	1.58	24,760	1.70	27,146
<b>Distributions declared during the half year</b>				
Interim 2024 Fund Distribution	1.54	24,067	1.45	22,740

## C Assets and liabilities

### C1 Receivables

	<b>31 December 2023</b>	30 June 2023
Notes	<b>\$'000</b>	\$'000
Receivables from related parties	C1(a) <b>18,023</b>	9,721
Other receivables	<b>47</b>	15
	<b>18,070</b>	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 period:

	<b>31 December 2023</b>	30 June 2023
	<b>\$</b>	\$
Intercompany receivable from entities within Centuria Capital Group	<b>10,218,361</b>	538,537
Distribution receivable from Centuria Industrial REIT	<b>3,092,795</b>	3,092,795
Distribution receivable from Centuria Office REIT	<b>2,664,900</b>	3,131,257
Distribution receivable from property funds managed by Centuria	<b>1,167,508</b>	1,024,321
Recoverable expenses owing from property funds managed by Centuria	<b>879,061</b>	1,934,170
	<b>18,022,625</b>	9,721,080

### C2 Financial assets at fair value

	<b>31 December 2023</b>	30 June 2023
Notes	<b>\$'000</b>	\$'000
Investment in related party unit trusts	C2(a) <b>503,373</b>	453,487
Loans receivable from related parties	C2(b) <b>422,687</b>	417,299
Investments in trusts and other financial assets	<b>348</b>	348
	<b>926,408</b>	871,134

Financial assets are classified as non-current assets as at 31 December 2023 due to no intention to dispose of financial assets within twelve months.

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

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

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

	31 December 2023			30 June 2023		
	Fair value \$	Units held	Ownership %	Fair value \$	Units held	Ownership %
<b>Financial assets held by the Group</b>						
Centuria Industrial REIT	251,289,626	77,319,885	12.18%	239,691,644	77,319,885	12.18%
Centuria Office REIT	119,032,189	88,829,992	14.87%	121,697,089	88,829,992	14.87%
Centuria Healthcare Property Fund	41,392,730	45,436,586	12.43%	-	-	0%
Prime Healthcare Holding Trust	24,771,420	24,771,420	10.00%	22,347,535	22,392,320	10.00%
Centuria Healthcare Direct Medical Fund No. 2	23,095,352	18,673,473	12.04%	23,423,708	18,673,473	12.04%
Dragon Hold Trust	13,135,312	969,622,257	10.00%	13,135,312	969,622,257	10.00%
Centuria 111 St Georges Terrace Fund	12,408,519	3,485,539	18.06%	13,155,329	3,485,539	18.06%
Matrix Trust	6,155,376	6,916,153	2.70%	7,257,146	6,916,153	2.70%
Centuria Wholesale Agricultural Trust No. 2	4,669,920	4,324,000	12.64%	4,659,877	4,324,000	12.64%
Centuria Healthcare Aged Care Property Fund No. 1	3,522,613	5,513,559	9.21%	3,599,019	5,513,559	9.21%
Centuria Industrial Income Fund No. 2	3,108,751	3,238,282	14.43%	3,563,945	3,563,945	15.88%
Centuria Government Income Property Fund	527,702	643,539	0.48%	662,845	643,539	0.48%
Centuria ATP Fund	200,726	104,545	0.23%	226,863	104,545	0.17%
Centuria 25 Grenfell Street Fund	38,410	40,010	0.08%	42,811	40,010	0.08%
Centuria Life Goals - Various Funds	24,096	23,096	0%	24,096	23,096	0%
Northgate Geraldton Trust	-	-	0%	10	10	0%
	<b>503,372,742</b>			<b>453,487,229</b>		

## Assets and liabilities

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

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

	31 December 2023	30 June 2023
	\$	\$
<b>Related party unit trusts carried at fair value through profit or loss</b>		
Opening balance	453,487,229	442,874,549
Investment purchased	169,179,130	50,772,754
Disposal	(120,763,439)	(54,163,653)
Fair value gain/(loss)	1,469,822	(3,192,932)
Carrying value transferred from equity accounted investments	-	17,196,511
	<b>503,372,742</b>	<b>453,487,229</b>

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

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

	31 December 2023	30 June 2023
	\$	\$
Centuria Finance Pty Limited	394,120,293	417,299,109
CHPF 4 Sub Trust	28,566,752	-
	<b>422,687,045</b>	<b>417,299,109</b>

	31 December 2023	30 June 2023
	\$	\$
Opening balance	417,299,109	491,103,520
Drawdowns	34,566,752	12,050,000
Capitalised interest	23,613,502	43,374,080
Repayments	(52,792,318)	(129,228,491)
	<b>422,687,045</b>	<b>417,299,109</b>

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 non-current.

### C3 Investment properties

	31 December 2023	30 June 2023
	\$'000	\$'000
Opening Balance	-	160,500
Deconsolidation of controlled property funds	-	(160,500)
	<b>-</b>	<b>-</b>

Investment properties are classified as non-current.

## Assets and liabilities

### C4 Payables

	Notes	31 December 2023 \$'000	30 June 2023 \$'000
Amounts due to related parties	C4(a)(i)	26,097	24,760
Sundry creditors <sup>(i)</sup>		6,738	5,851
		32,835	30,611

Payables are classified as current.

<sup>(i)</sup> Sundry creditors are non-interest bearing liabilities, 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 period:

	Notes	31 December 2023 \$	30 June 2023 \$
Distribution payable to Centuria Capital Fund		24,067,000	24,760,000
Payable to Centuria Capital Fund		2,025,000	-
Payable to Centuria Capital Limited		5,499	-
		26,097,499	24,760,000

### C5 Borrowings

	Notes	31 December 2023 \$'000	30 June 2023 \$'000
Secured listed redeemable notes	C5(a)	198,693	198,693
Floating rate secured notes	C5(b)	138,500	80,000
Fixed rate secured notes	C5(b)	100,553	100,553
Borrowing costs capitalised		(3,111)	(3,753)
		434,635	375,493

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

	Classification	Coupon Rate	Due Date	Total facility \$'000	Facility available \$'000	31 December 2023 \$'000	30 June 2023 \$'000
<b>Floating</b>							
Tranche 8	Non-current	BBSW +3.35%	25 Mar 2025	30,000	-	30,000	30,000
Revolver A	Non-current	BBSY +2.25%	31 Jan 2025	50,000	-	50,000	-
Revolver A	Non-current	BBSY +2.35%	30 Jun 2027	50,000	41,500	8,500	-
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	-	50,000	50,000
				230,000	91,500	138,500	80,000
<b>Fixed</b>							
				Total facility \$'000	Facility available \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Tranche 5	Current	5.00%	21 Apr 2024	30,553	-	30,553	30,553
Tranche 7	Non-current	5.46%	25 Mar 2025	70,000	-	70,000	70,000
				100,553	-	100,553	100,553

## C5 Borrowings (continued)

### (b) Secured notes (continued)

On 21 December 2023, the Fund renegotiated the Revolver A facility into two \$50,000,000 sub-tranches with maturity terms of 31 January 2025 and 30 June 2027.

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.

## C6 Contributed equity

	31 December 2023		30 June 2023	
	No. of units	\$'000	No. of units	\$'000
Balance at beginning of the period	<b>1,564,025,635</b>	<b>679,965</b>	1,564,025,635	679,965
Balance at end of the period	<b>1,564,025,635</b>	<b>679,965</b>	1,564,025,635	679,965

Fully paid ordinary units carry one vote per unit and carry the right to distributions.

## C7 Commitments and contingencies

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

## D Group structure

### D1 Interests in associates

Set out below are the associates of the Fund as at 31 December 2023 which, in the opinion of the Directors, were material to the Fund and were accounted for using the equity method. The entities listed below have share capital consisting solely of ordinary units, which are held directly by the Fund. The country of incorporation or registration is Australia which is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	% of ownership interest		Principal activity	Carrying amount	
	31 December			31 December	
	2023	30 June 2023		2023	30 June 2023
	%	%	\$'000	\$'000	
Centuria Diversified Property Fund	21.81	21.54	Property Investments	32,447	35,860
Allendale Square Fund	25.63	25.91	Property investments	18,471	18,426
Centuria Government Income Property Fund No. 2	21.31	21.59	Property investments	5,474	7,261
<b>Total equity accounted investments</b>				<b>56,392</b>	<b>61,547</b>

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2023 to 31 December 2023.

Movement in carrying amount of equity accounted investments	Centuria	Centuria	Allendale	Total
	Diversified	Government	Square	
	Property	Income	Fund	
	Fund	Property	Fund	
	\$'000	Fund No. 2	\$'000	\$'000
Opening balance as at 1 July 2023	35,860	7,261	18,426	61,547
Share of net profit/(loss) after tax	(2,516)	(1,512)	895	(3,133)
Distributions received/receivable	(897)	(175)	(650)	(1,722)
Disposal of Investments	-	(100)	(200)	(300)
<b>Closing balance as at 31 December 2023</b>	<b>32,447</b>	<b>5,474</b>	<b>18,471</b>	<b>56,392</b>

**D1 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
<b>Movement in carrying amount of equity accounted investments</b>						
Opening balance as at 1 July 2022	39,021	7,743	-	-	-	46,764
Carrying value transferred from controlled property	-	-	-	-	24,730	24,730
Acquisition of Investments	-	-	31,638	10,929	-	42,567
Share of net profit/(loss) 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)
<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>

## E Other

### E1 Fair value of financial instruments

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.

	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000*
<b>31 December 2023</b>				
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	57,044	57,044
Receivables	Amortised cost	Not applicable	18,070	18,070
Financial assets	Fair value	Level 1	370,322	370,322
Financial assets	Fair value	Level 2	133,399	133,399
Financial assets	Amortised cost	Not applicable	422,687	422,687
			<u>1,001,522</u>	<u>1,001,522</u>
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	32,835	32,835
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	434,635	432,262
			<u>467,470</u>	<u>465,097</u>

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

	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000*
<b>30 June 2023</b>				
<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
			<u>937,546</u>	<u>937,546</u>
<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
			<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.

## **E2 Events subsequent to the reporting date**

There has not arisen in the interval between 31 December 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 Responsible Entity, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

## Directors' declaration

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

- (a) the consolidated interim financial statements and notes set out on pages 4 to 22 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards adopted by the Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half 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.

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



Mr Garry S. Charny  
Director



Ms Joanne Dawson  
Director

Sydney  
20 February 2024



# Independent Auditor's Review Report

To the unitholder of Centuria Capital No. 2 Fund

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Centuria Capital No. 2 Fund (the Fund).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Centuria Capital No. 2 Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2023
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the half-year ended on that date
- Notes A1 to E2 including selected explanatory notes
- The Directors' Declaration

The **Group** consists of Centuria Capital No. 2 Fund (the Fund) and the entities it controlled at the interim period end or from time to time during the interim period end.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors for the Interim Financial Report

The Directors of Centuria Funds Management Limited (the Responsible Entity) are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

  
KPMG



Paul Thomas

Partner

Sydney

20 February 2024