# Centuria Capital Group

# Financial Report
# for the year ended 30 June 2023

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

# Contents



These consolidated financial statements are the financial statements of the consolidated entity consisting of Centuria Capital Limited and its subsidiaries. A list of all subsidiaries is included in note E2. The consolidated financial statements are presented in Australian currency.

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

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

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

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

# Directors' report

The Directors of Centuria Capital Limited (the 'Company') present their report together with the consolidated financial statements of the Company and its controlled entities (the 'Group') for the financial year ended 30 June 2023 and the auditor’s report thereon.

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

**Directors and directors' interests**

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

| Name | Appointed | Directorship of other listed entities |
|---|---|---|
| Mr Garry S. Charny | 23 February 2016 | None |
| Ms Kristie R. Brown | 15 February 2021 | None |
| Mr Peter J. Done | 28 November 2007 | Centuria Industrial REIT (ASX:CIP) (i)<br>Centuria Office REIT (ASX:COF) (ii) |
| Mr Jason C. Huljich | 28 November 2007 | None |
| Mr John E. McBain | 10 July 2006 | Asset Plus Limited (NZX:APL) |
| Mr John R. Slater | 22 May 2013 | None |
| Ms Susan L. Wheeldon | 31 August 2016 | None |

(i) Director of Centuria Property Funds No. 2 Limited ('CPF2L') as responsible entity for Centuria Industrial REIT
(ii) Director of Centuria Property Funds Limited ('CPFL') as responsible entity for Centuria Office REIT

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

| **Mr Garry S. Charny**, BA. LL.B. *Independent Non-Executive Director and Chairman* | | |
|---|---|---|
| Experience and expertise | 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).<br><br>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.<br><br>Garry is also Chairman of High End, an AI driven fashion tech company, and Chairman of Shero Investments, a Sydney based investment company.<br><br>In December 2022, he was appointed a Board Member of Racing NSW.<br><br>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).<br><br>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. | |
| Directorship of other listed companies | None | |
| Responsibilities | Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Board<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination & Remuneration Committee<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Conflicts Committee<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee<br>Chairman of the Centuria Life Limited Board<br>Member of the Centuria Life Limited Audit Committee<br>Member of the Centuria Life Limited Risk & Compliance Committee<br>Chairman of the Centuria Healthcare Pty Ltd Board | |
| Interests in CNI | Ordinary stapled securities | 422,753 |

| **Ms Kristie R. Brown**, B. Comm, B. Law (Hons), *Independent Non-Executive Director* | | |
|---|---|---|
| Experience and expertise | Kristie is an experienced real estate investment and legal professional who was appointed to the Centuria Board on 15 February 2021 as an Independent Non-Executive Director as well as a member of the Group's Audit, Risk & Compliance Committee (ARCC) and the Conflicts Committee.<br><br>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.<br><br>Subsequent to her legal career, Kristie established a private investment business, Danube View Investments, which primarily operates in the Australian property sector.<br><br>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. | |
| Directorship of other listed companies | None | |
| Responsibilities | Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk & Compliance Committee<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Conflicts Committee | |
| Interests in CNI | Ordinary stapled securities | nil |

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

| **Mr Peter J. Done**, B.Comm, FCA. *Independent Non-Executive Director* | | |
|---|---|---|
| Experience and expertise | Peter joined the Centuria Capital Group Board as an Independent Non-Executive Director in November 2007. He is also Chair of Centuria Capital Group's Audit, Risk & Compliance Committee.<br><br>Peter has extensive knowledge of accounting, audit and financial management in the property development and financial services industries, corporate governance, regulatory issues and board processes through his many senior roles.<br><br>Peter hails from a 38-year career at KPMG. From 1979, he held the position of Partner until his retirement in 2006. During his 27 years as Partner, Peter was the lead audit partner for many clients, including those involved in property development, primary production and television and film production and distribution.<br><br>Peter holds a Bachelor of Commerce (Accounting) from the University of New South Wales and is a Fellow of Chartered Accountants Australia and New Zealand. | |
| Directorship of other listed companies | Centuria Industrial REIT (ASX: CIP)<br>Centuria Office REIT (ASX: COF) | |
| Responsibilities | Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination & Remuneration Committee<br>Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk & Compliance Committee<br>Member of the Centuria Life Limited Board<br>Chairman of the Centuria Life Limited Audit Committee<br>Chairman of the Centuria Life Limited Risk & Compliance Committee<br>Member of the Centuria Life Limited Investment Committee<br>Member of the Centuria Property Funds Limited Board<br>Member of the Centuria Property Funds Limited Audit, Risk & Compliance Committee<br>Member of the Centuria Property Funds No. 2 Limited Board<br>Chairman of the Centuria Property Funds No. 2 Limited Audit, Risk & Compliance Committee | |
| Interests in CNI | Ordinary stapled securities | 1,506,182 |

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

| **Mr Jason C. Huljich**, B. Comm. *Executive Director and Joint Chief Executive Officer* | | |
|---|---|---|
| Experience and expertise | 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.<br><br>Jason is Joint CEO alongside John McBain, collectively overseeing more than $21 billion of assets under management.<br><br>Jason is chiefly responsible for the company's real estate portfolio and funds management operations including the listed Centuria Industrial REIT (ASX: CIP) and Centurial Office REIT (ASX: COF), as well as Centuria's extensive range of unlisted funds across Australia and New Zealand.<br><br>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.<br><br>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.<br><br>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. | |
| Directorship of other listed companies | None | |
| Responsibilities | Joint Chief Executive Officer<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee<br>Member of the Centuria Life Limited Board<br>Member of the Centuria Healthcare Pty Ltd Board | |
| Interests in CNI | Ordinary stapled securities | 6,446,081 |
| | Performance rights granted | 2,628,925 |

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

| **Mr John E. McBain,** Dip. Urban Valuation, *Executive Director and Joint Chief Executive Officer* | | |
|---|---|---|
| Experience and expertise | 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.<br><br>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.<br><br>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.<br><br>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. | |
| Directorship of other listed companies | Asset Plus Limited (NZX:APL) | |
| Responsibilities | Joint Chief Executive Officer<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Life Limited Board<br>Member of the Centuria Life Limited Investment Committee<br>Member of the Centuria Healthcare Pty Ltd Board | |
| Interests in CNI | Ordinary stapled securities | 7,888,282 |
| | Performance rights granted | 2,628,925 |

| **Mr John R. Slater**, Dip.FS (FP), F Fin. *Independent Non-Executive Director* | | |
|---|---|---|
| Experience and expertise | John was appointed as a financial adviser to Centuria Life Limited in 2011 and as a member of its Board in 2013. On 22 May 2013, he was appointed as a Director of Centuria Capital Limited. He also serves on the Nomination & Remuneration Committee<br><br>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.<br><br>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 and the Over Fifty Guardian Friendly Society Limited. John continues to be active in investment committee activities in other non-aligned financial groups. | |
| Directorship of other listed companies | None | |
| Responsibilities | Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk & Compliance Committee<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination & Remuneration Committee<br>Member of the Centuria Life Limited Board<br>Chair of the Centuria Life Limited Investment Committee | |
| Interests in CNI | Ordinary stapled securities | 3,110,677 |

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

| **Ms Susan L. Wheeldon**, MBA. *Independent Non-Executive Director* | | |
|---|---|---|
| Experience and expertise | 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.<br><br>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.<br><br>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.<br><br>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. | |
| Directorship of other listed companies | None | |
| Responsibilities | Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Chair of the Centuria Capital Limited and Centuria Funds Management Limited Nomination & Remuneration Committee<br>Chair of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee | |
| Interests in CNI | Ordinary stapled securities | nil |

**Directors' meetings**

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

| Director | Board Meetings | | Audit, Risk & Compliance Committee Meetings | | Nomination & Remuneration Committee Meetings | | Conflicts Committee meetings | | Culture and ESG Committee Meetings | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | A | B | A | B | A | B | A | B |
| Mr Garry S. Charny | 20 | 20 | # | # | 3 | 3 | 8 | 6 | 4 | 4 |
| Ms Kristie R. Brown | 20 | 20 | 6 | 6 | # | # | 8 | 8 | # | # |
| Mr Peter J. Done | 20 | 18 | 6 | 6 | 3 | 2 | # | # | # | # |
| Mr Jason C. Huljich | 20 | 20 | # | # | # | # | # | # | 4 | 4 |
| Mr John E. McBain | 20 | 20 | # | # | # | # | # | # | # | # |
| Mr John R. Slater | 20 | 19 | 6 | 6 | 3 | 3 | # | # | # | # |
| Ms Susan L. Wheeldon | 20 | 17 | # | # | 3 | 3 | # | # | 4 | 4 |

A = Number of meetings held during the time the Director held office during the year
B = Number of meetings attended.
# = Not a member of Committee

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

**Significant changes in the state of affairs**

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

- On 6 April 2023, the Group entered into a 5 year $50,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.60% which is due to mature on 6 April 2028.
- On 21 April 2023, the Group fully redeemed a total of $66,650,000 secured wholesale floating rate notes maturing on 21 April 2023 and 21 April 2024.
- On 14 June 2023, the Group settled on the sale of 4 Healthcare properties for NZ$34,134,000 and fully repaid the New Zealand Asset Facility.
- During the year, the Group drew $46,650,000 from the Revolver A facility, which was subsequently repaid on 23 June 2023.

**Operating and financial review**

The Group recorded a consolidated statutory net profit for the year of $105,932,000 (2022: loss of $37,361,000). Statutory net profit/(loss) after tax has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, which comply with International Financial Reporting Standards.

The Group recorded an operating profit after tax of $115,588,000 (2022: $114,510,000). Operating profit after tax excludes non-operating items such as transaction costs, mark to market movements and share of net profit of equity accounted investments in excess of distributions received.

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

**Operating and financial review (continued)**

| Reconciliation of statutory profit to operating profit | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Statutory profit/(loss) after tax | **105,932** | (37,361) |
| *Statutory earnings/(loss) per security (EPS) (cents)* | ***13.3*** | *(4.8)* |
| **Less non-operating items:** | | |
| Share of equity accounted net loss in excess of distributions received | **6,180** | 3,083 |
| Transaction and other costs | **3,861** | 4,395 |
| Unrealised (gain)/loss on mark to market movements of investments and derivatives | **296** | 167,087 |
| Eliminations between the operating and non-operating segment | **-** | 4,710 |
| Seed capital write back | **-** | (750) |
| Profit attributable to controlled property funds | **(24)** | (13,861) |
| Tax impact of above non-operating adjustments | **(657)** | (12,793) |
| **Operating profit after tax** | **115,588** | 114,510 |
| *Operating EPS (cents)* | ***14.5*** | *14.5* |

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

| Segment | Operating profit after tax $'000 | | Increase/ (Decrease) $'000 | Increase/ (Decrease) % | Highlights |
|---|---|---|---|---|---|
| | 2023 | 2022 | | | |
| Property Funds Management | 79,225 | 78,785 | 440 | 1 | (a) |
| Co-Investments | 17,233 | 28,863 | (11,630) | (40) | (b) |
| Developments | 6,613 | 4,526 | 2,087 | 46 | (c) |
| Property and Development Finance | 4,606 | 2,912 | 1,694 | 58 | (d) |
| Investment Bonds Management | 2,424 | 3,412 | (988) | (29) | (e) |
| Corporate | 5,487 | (3,988) | 9,475 | | |
| Operating profit after tax | 115,588 | 114,510 | | | |

**Operating and financial review (continued)**

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

Operational highlights for the key segments were as follows:

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

For the year ended 30 June 2023, Property Funds Management operating NPAT of $79,225,000 was higher than the prior year ending 30 June 2022 by $440,000 primarily due to the impact of the favourable property valuations as well as full year impact of acquisitions.

For the year ended 30 June 2023, excluding the after tax impact of performance fees, the Property Funds Management segment NPAT increased by $3,585,000 or 6% reflecting the growth in AUM from acquisitions and favourable valuation impact.

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

For the year ended 30 June 2023, the Co-Investments segment operating NPAT decreased by $11,630,000. This was primarily due to the increase in interest rates during the period, offset by the full year impact of rental income from the Heritage Lifecare Centres.

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

**(c) *Developments***

For the year ended 30 June 2023, the Developments segment operating net profit after tax was $6,613,000, an increase of $2,087,000 from the the year ended 30 June 2022. The increase is primarily due to the recognition of development profit on the Wyatt Street development.

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

For the year ended 30 June 2023, the Property and Development Finance segment's operating NPAT was $4,606,000. The Centuria Bass operating NPAT has increased by 58% compared to FY22 due to AUM increasing from $0.6 billion to $1.3 billion.

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

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

For the year ended 30 June 2023, the Investment Bonds Management segment's operating NPAT decreased by $988,000 primarily due to the one-off fees received in the prior year when the Capital Guaranteed product transitioned into unitised products.

**Outlook**

The Group remains focused on sourcing quality real estate investment opportunities, utilising the Group's deep real estate expertise and leveraging the platform to create value for our investors. The REIT management revenues, joint venture interests, institutional partnerships, and real estate credit business, combine to create a strong diverse and recurring revenue base.

**Earnings per security (EPS)**

| | **2023** | | **2022** | |
|---|---|---|---|---|
| | **Operating** | **Statutory** | **Operating** | **Statutory**[(i)] |
| Basic EPS (cents/security) | **14.5** | **13.3** | 14.5 | (4.8) |
| Diluted EPS (cents/security) | **14.3** | **13.1** | 14.3 | (4.8) |

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

**Dividends and Distributions**

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

| **Dividends/distributions paid during the year** | **Cents per security** | **Total amount $'000** | **Date paid** |
|---|---|---|---|
| Final 2022 dividend (100% franked) | 0.90 | 7,114 | 11 August 2022 |
| Final 2022 Trust distribution | 4.60 | 36,363 | 11 August 2022 |
| Interim 2023 dividend (100% franked) | 1.20 | 9,557 | 9 February 2023 |
| Interim 2023 Trust distribution | 4.60 | 36,634 | 9 February 2023 |
| **Dividends/distributions declared during the year** | | | |
| Final 2023 dividend (100% franked) | 0.50 | 3,999 | 18 August 2023 |
| Final 2023 Trust distribution | 5.30 | 42,389 | 18 August 2023 |

**Events subsequent to the reporting date**

There has not arisen in the interval between 30 June 2023 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

**Likely developments**

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

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

**Environmental regulation**

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

**Indemnification of officers and auditor**

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

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

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

**Non-audit services**

During the financial year, KPMG, the Group’s auditor, has performed services in addition to the audit and review of the financial statements. Details of amounts paid or payable to KPMG are outlined in Note F3 to the financial statements.

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

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

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

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 44.

**Rounding of amounts**

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

## Nomination and Remuneration Committee Chair's letter

Dear Investor,

As chair of the Nomination and Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 30 June 2023. This report has been approved by the Board and is intended to be informative as possible whilst complying with our statutory reporting obligations.

Each year, the Board reviews the Group’s executive remuneration practices to ensure they remain appropriately aligned to our short-term and long-term strategic objectives and are appropriately tested and considered against market practices. This ensures the business attracts, retains and motivates strong executives with a focus on both growth and appropriate risk management. Our remuneration philosophy remains consistent with prior years, aiming to fairly reward and retain the people who we believe play a crucial role in the achievement of our long-term objectives and are key to our competitive advantage as a leading Australasian funds manager in the S&P/ASX200 index. Whilst our philosophy remains unchanged, our remuneration structure for the current year has been enhanced with additional short-term performance targets to ensure they remain appropriate and relevant in response to the changing needs of the business. These additional short-term performance hurdles and targets were introduced to ensure our executives are appropriately incentivised to respond to new and upcoming market challenges and continue to drive Group performance.

The key elements of the FY23 executive remuneration structure, which the Board believe are fit for purpose and support our primary objective of driving long-term performance for our securityholders are outlined below, with full details tabled on page 28 of the remuneration report.

***Executive Remuneration***

In response to changing market conditions, the proposed FY23 performance hurdles for executives’ variable awards have been modified with additional short term performance hurdles to rebalance the business away from short term growth to delivering earnings stability, platform resilience as well as asset sector diversification.

The short-term incentive (STI) hurdles have been set to ensure the awards are not only demonstrably tied to financial performance, but also ensure an ongoing focus on imperative business and operational issues that will drive long-term securityholder value and create a business that is considered a leading Australasian funds manager. Whilst the overall weighing of STI hurdles remain consistent with prior years, comprising 60% financial and 40% non-financial metrics, an additional component has been added to the STI plan structure. The financial hurdles which continue to comprise of targets relating to operating earnings, assets under management (“AUM”) and equity sources, are now complemented with the proposed introduction of a cost management hurdle, incentivising management to protect the short-term operating margins of the Group. The Board believes this additional financial metric to be an important enhancement to our short-term financial performance hurdles, given the immediate need of business to respond to challenging economic and market conditions. Likewise an expanded range of non-financial metrics have also been introduced, addressing diversity, governance and tenant satisfaction targets, all of which are considered important pillars in ensuring future strategic success for the Group. More details of this can be found on page 24 of the Remuneration Report.

In terms of long-term incentives (LTI), the Board has retained a combination of Relative and Absolute Total Securityholder Return (TSR) hurdles assessed against A-REIT peers in the S&P/ASX200. Despite volatile market conditions which are beyond the direct control of management, the Board believes that these continue to serve as the most appropriate performance hurdles, since they align executives’ interests with securityholder outcomes as well as ensuring direct comparability to our peers. Consistent with prior years, the LTI proposed for the FY24-27 period will continue to vest over year’s three and four.

***Non-Executive Director ("NED") Remuneration***

The current NED fee structure was retained for FY23. The fee structure covers the Board and Board Committee roles across the Group (including CNI and other operating entities) and was adopted to improve the transparency of fees paid to directors across what is a complex group with ever-increasing governance standards. Further, the fee schedule has been benchmarked against A-REIT peers in the S&P/ASX200 to align director remuneration with market practice as well as recognising the significant responsibilities each director has in the various Boards and Board Committees they sit on across the Group. More details of the fee structure can be found on page 33 of the remuneration report.

As we continue our drive for Board renewal, the fees have been designed to be comparable to our peers in order to attract the highest quality talent to the Board. Expanding the breadth and depth of Board membership across the Group continues to be a key priority of the current Board and will underpin our drive towards optimal independence and diversity in all its forms.

To best explain the breakdown of duties and fees, as outlined on page 38 of the remuneration report, the amounts paid to each Centuria Capital Limited NED have been separated across the various boards and board committees which they serve on. These disclosures further enhance the transparency and link between the benchmarked schedule of fees and the aggregate remuneration paid to each NED.

***FY23 Performance and Remuneration Outcomes***

In response to changing market conditions, management has for the current year rebalanced its focus away from short term growth to delivering earnings stability and platform resilience as well as continued asset diversification. I am pleased to report that the business delivered on all three counts, reporting an operating EPS of 14.5 cents in line with guidance, growing its AUM to $21.0 billion and delivering additional diversification through its continued expansion into real estate debt and the Agriculture sectors.

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

It is important to note that this result exceeded the Group's record FY22 profitability in spite of volatile market conditions.

The robust FY23 performance is testament to the long-standing focus of the business on growing and diversifying assets under management across various sectors and markets. This has enabled the business to develop a stable and diverse operating platform able to withstand market fluctuations and ensure sustainable earnings for our securityholders. It is pleasing to note the continued diversification of the platform into agriculture and real estate debt during the year, with the business further solidifying its recurring sources of revenue, acquiring in excess of $300 million of AUM in these new asset sectors during the year.

The Nomination & Remuneration Committee has also assessed the annual performance of senior management against the FY23 STI objectives. It has been pleasing to note the way senior management and the business have responded to the various challenges by satisfactorily meeting or exceeding the majority of their financial performance hurdles, including the implementation of new cost management initiatives. Notwithstanding these achievements, STI outcomes for the KMPs were 88% of FY22 award for the Joint CEOs and 90% of FY22 STI award for the CFO. Whilst the continued AUM growth across new sectors has been pleasing, challenging market conditions have meant that the overall growth in the current year did not meet the outperformance targets set at the commencement of the year, resulting in the forfeiture of the balance of the maximum FY23 STIs noted above.

Further details of the specific targets and the overperformance achieved by senior executives against each hurdle, including the rationale for the adoption of each of the financial performance metrics have been set out on page 25 of the Remuneration Report.

Whilst traditional financial measures in assessing the performance of our senior executive team remains the cornerstone of Centuria, our strategy of growth and diversification requires an increasing focus on non-financial metrics. The integration of recently acquired platforms, including the Centuria Bass Capital business and our internal property management strategy have elevated the importance of non-financial metrics such as staff and tenant engagement, non-financial risk management as well as our sustainability credentials. I am proud to observe the Group's enduring commitment to improving its environmental and social contribution across our operations, which are now considered to be a key driver for our future business success.

The performance of our KMP against these non-financial metrics have been outlined on page 26 of the Remuneration Report, with the team exceeding targets across all three metrics, resulting in the award of 125% of the non-financial component of the FY23 STI.

As part of the annual review, the Board discussed various elements of the KMP remuneration to determine their appropriateness for Centuria in 2023. As such, the Group has also adopted a new significant securityholder test for the KMPs, wherein a portion of the financial year STI will be deferred should minimum security holding requirements not be met. This additional limb in the STI Performance Structure for KMPs was introduced following a review of the market best practice and determined that a significant securityholder test appropriately aligns KMPs with the business whilst continuing to reward performance outcomes.

With the LTI remaining a key remuneration component to align the long-term interests of Centuria's investors with its senior executives, it is important to note the negative impact the declining global equity markets have had on Tranche 8 of LTIs, covering the 1 July 2020 to 30 June 2023 performance period. For FY23, Centuria's one-year TSR was -2.5% with the three-year TSR being 7.3%. This has resulted in full forfeiture of the TSR component of the Tranche 8 LTI awards vested.

Whilst it is difficult to imagine a combination of short-term strategies within senior management's control which could have avoided or produced a different TSR outcome, it is important to note the continued growth in AUM from $8.8 billion in FY20 to $21.0 billion by the end of FY23. With the three-year Relative TSR and Absolute TRS not meeting entry hurdle requirements, Tranche 8 LTI awards have not vested.

The Board continues to place a high priority on having meaningful dialogue with our securityholders and other stakeholders regarding our remuneration policies, in order to understand their perspectives and concerns, as well as to remain abreast of local and global market best practices.

We appreciate your ongoing support and we look forward to engaging with you again in FY24.

Yours sincerely,

Susan L. Wheeldon

Chair of the Nomination & Remuneration Committee

## Audited Remuneration Report

The Board are pleased to present the Remuneration Report for the period ended 30 June 2023.

This Remuneration Report has been prepared in accordance with section 300A of the *Corporations Act 2001 (Cth)* (Act) and the applicable *Corporations Regulations 2001 (Cth)*. The Remuneration Report provides information about the remuneration arrangements for key management personnel (KMP), which includes Non-Executive Directors and the Group's Senior Management for the year ended 30 June 2023.

The report is structured as follows:

- Details of KMP covered in this report;
- Remuneration oversight and key principles;
- Remuneration of Executive Directors and Senior Management;
- Key terms of employment contracts;
- Non-Executive Director remuneration; and
- Director and Senior Management equity holdings and other transactions.

***Details of KMP covered in this report***

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

| Name | Role | Term |
|---|---|---|
| **Non-Executive Directors** | | |
| Mr Garry S. Charny | Independent Non-Executive Director and Chairman | Full term |
| Ms Kristie R. Brown | Independent Non-Executive Director | Full term |
| Mr Peter J. Done | Independent Non-Executive Director | Full term |
| Mr John R. Slater | Independent Non-Executive Director | Full term |
| Ms Susan L. Wheeldon | Independent Non-Executive Director | Full term |
| **Executive Directors** | | |
| Mr John E. McBain | Executive Director and Joint Chief Executive Officer | Full term |
| Mr Jason C. Huljich | Executive Director and Joint Chief Executive Officer | Full term |
| **Executives** | | |
| Mr Simon W. Holt | Chief Financial Officer | Full term |

The term 'Senior Management' is used in this remuneration report to refer to the Executive Directors and the Chief Financial Officer.

***Nomination & Remuneration Committee (NRC)***

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

The functions of the Committee in respect of remuneration include:

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

**Audited Remuneration Report (continued)**

***Nomination & Remuneration Committee (NRC) (continued)***

Additionally, the function of the Committee in respect of Board, Joint CEOs and Senior Executive performance include:

- evaluating the performance of the Board, including Committees and individual Directors;
- assessing the performance of the Joint CEOs and Senior Executives against their key performance indicators; and
- ensuring other human resource management programs, including fit for purpose performance assessment programs.

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

- Ms Susan L. Wheeldon (Non-Executive Director and Committee Chair);
- Mr Garry S. Charny (Non-Executive Director, Chairman of Centuria Capital Limited);
- Mr John R. Slater (Non-Executive Director); and
- Mr Peter J. Done (Non-Executive Director).

The Committee is tasked by the Board to advise it in relation to remuneration outcomes and it may obtain external professional advice, and secure the attendance of advisors with relevant experience if it considers this necessary.

***Remuneration policy and link to performance***

*Group Structure*

Centuria Capital Group is an ASX-listed specialist investment manager with a 27-year track-record of delivering a range of products and services to investors, advisers and securityholders. Our business now spans across property funds management, development, real estate finance in addition to co-investments and investment bonds, with the following key areas of focus:

- Centuria Property Funds which specialises in listed property funds (A-REITs) and unlisted property funds including:
  - listed REITs, Centuria Office Fund (ASX:COF) and Centuria Industrial Fund (ASX:CIP) in Australia;
  - listed property fund in New Zealand, Asset Plus Limited (NZX:APL);
  - Centuria Agriculture Fund;
  - Centuria Diversified Property Fund;
  - Centuria Healthcare Property Fund;
  - Centuria New Zealand Industrial Fund;
  - 120 closed-end unlisted property funds in Australia and New Zealand; and
- Centuria Healthcare property and funds management business;
- Centuria Bass Credit real estate finance business;
- Centuria LifeGoals Investment Bonds.

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

The combined market capitalisation of the listed headstock (Centuria Capital Group) and its three listed REITS comprising CIP, COF and APL, is approximately $4.2 billion.

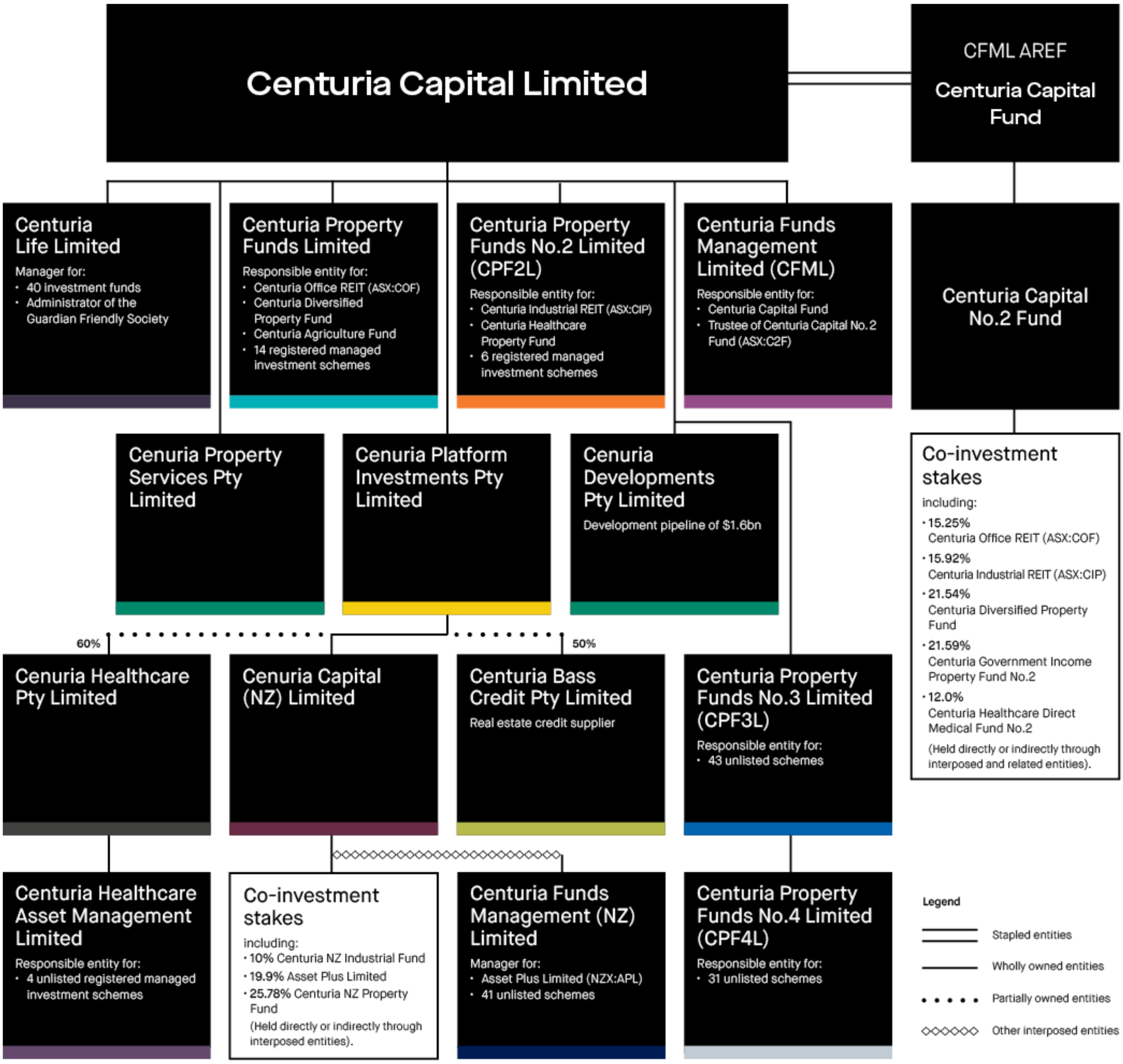
Given the overall size of the Group, the complexities of the business it operates and its international scope, the Board has adopted a number of remuneration practices that reflect this. These are represented in our Joint CEO structure as well as the new Directors' Fees Schedule, which are discussed further in pages 16 and 34 of this report, respectively.

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

**Audited Remuneration Report (continued)**

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

*Group Structure (continued)*



**Audited Remuneration Report (continued)**

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

*Group Structure (continued)*

*Joint CEO Structure*

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

- the Joint CEOs have a strong background in all aspects of the business and also have complementary skills sets, which given the Group's overall structure allows them to focus on different areas in managing the multiple complexities of the business. Mr Huljich has primary oversight of funds management, distribution and property services and Mr McBain has primary oversight of corporate functions (corporate strategy, M&A, finance, treasury, risk and governance, communications and investor relations) and the Life business; and
- the Board recognises the significant importance that a strong succession plan has on any business. The Joint CEOs have worked seamlessly together for 27 years. By creating the Joint CEO role for Mr Huljich in 2019, the Board formally recognised Mr Huljich's historic and continuing contribution to the Group over an extended period. With Joint CEOs, the business has two strong leaders, collaborating to optimise investor value in a tried and tested way.

The remuneration of the Joint CEOs reflects the position they hold in the real estate funds management industry and their experience and achievements gained from working together since the formation of Centuria. Given the complementary skill sets of the Joint CEOs and their division of key responsibilities (outlined above), the Board believes the remuneration of the Joint CEOs is a benefit for investors by removing the need for expensive secondary key executive resources which many other A-REIT peers require, such as Chief Investment Officers and/or Chief Operations Officers.

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

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

The FY23 fixed remuneration amount for the Joint CEOs was $1,552,500, which remained unchanged from FY22. The Committee recommended an unchanged fixed remuneration for FY23 despite:

- The Joint CEOs' strong execution of the Group's growth strategy and continued strong financial performance under their leadership during FY22, including a substantial 98% growth in AUM over FY21 and inclusion in the S&P/ASX 200 Index)
- The Joint CEOs' response to the COVID-19 pandemic, where they voluntarily took a six month - 15% reduction to their fixed remuneration and displayed outstanding performance in positioning the Group to rebound quickly from the initial impact of the pandemic.

***Remuneration of Senior Management***

*Remuneration Philosophy*

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

The main objective in rewarding the Group's senior management for their performances is to ensure that securityholders' wealth is both maximised and appropriately protected throughout a range of economic conditions.

*Remuneration Structure*

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

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Remuneration Structure (continued)*

**Our Remuneration Principles**

| Delivering value for securityholders in the most efficient manner | Drive an ownership mentality | Attract, motivate & retain talent |
|---|---|---|
| The Joint CEO structure optimises the size of the senior executive group in relation to its peers to make it leaner and more agile than our peers | Including senior staff in the LTI equity plan to provide a sense of ownership and alignment, as well as distributing securities to all non-LTI staff depending on Group performance | Ensuring competitive, at-risk rewards are provided to attract and retain the best executive talent |

| | Total executive remuneration | | |
|---|---|---|---|
| | **Fixed** | **At-risk** | |
| **Type of Remuneration** | **Fixed remuneration** | **Short-term incentive** | **Long-term incentive** |
| What is the objective? | • Attract and retain key talent<br>• Be competitive | • Drive annual financial growth targets and securityholder returns<br>• Reward value creation over a one-year period whilst supporting the long-term strategy<br>• Incentivise desired behaviours in line with the Group's risk appetite<br>• Mandatory significant ownership in the Group's securities within the KMP group | • Support delivery of the business strategy and growth objectives<br>• Incentivise long-term value creation<br>• Drive alignment of employee and securityholder interests |
| How is it set? | Fixed remuneration is set with reference to market competitive rates in comparison to ASX-listed A-REITs for similar positions, adjusted to account for the experience, ability and productivity of the individual employee. | Senior executives participate in the Group's STI plan which is assessed against key areas of financial and non-financial performance that are designed to create an ongoing annual focus on imperative business and operational issues that create the type of Group we all strive towards. Refer to the FY23 STI Scorecard for further details.<br><br>Required KMP security ownership with the introduction of STI deferral metrics where security ownership is not significant. | Senior executives participate in the Group's LTI plan which is assessed against securityholder returns over a three-year performance period. The significant weighting towards relative TSR in the LTI aligns executive's interests with securityholder outcomes and provides a direct comparison of the Group's performance against their comparator group of peers. Refer to the LTI Structure section for further details. |
| How is it delivered? | • Base salary<br>• Superannuation<br>• Other benefits salary sacrifice benefits | Awarded in cash or shares at the Board's discretion | Equity with performance assessed over three years (vesting in years three and four) |
| Opportunity | | **Joint CEOs**<br>• 125% of fixed remuneration at maximum<br>**CFO**<br>• 100% of fixed remuneration at maximum | **Joint CEOs**<br>• 125% of fixed remuneration at maximum<br>**CFO**<br>• 95% of fixed remuneration at maximum |

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Remuneration Structure (continued)*

As part of the annual review, the Group has reassessed various elements of its executive remuneration structure to assess their continued relevance and suitability given the changing needs of the business. This process included a robust review of market practices which would continue to attract, retain and motivate executives committed to strong risk management. The key recommendations adopted as a result of this review was the introduction of a new short term incentive deferral mechanism contingent on a minimum executive share ownership requirement. This was coupled with the introduction of a new STI clawback arrangement on provisions similar to existing clawback requirements under the LTI plan. The specific nature of the changes arising from this review as well as an outline of the rationale have been detailed in the following table:

**Executive Short Term Incentive Deferral Conditions**

| | **2022** | **2023** | **Rationale** |
|---|---|---|---|
| Executive security ownership guidelines | None | The joint CEOs must hold an equivalent of 200% of their fixed remuneration in the form of equity.<br><br>The CFO must hold an equivalent of 100% of their fixed remuneration in the form of equity.<br>Any new KMP must accumulate and hold an equivalent of 100% of their fixed remuneration in the form of equity within the first five years from the date of their appointment. | The Board believes that in combination with other remuneration elements, executive share ownership requirements minimise excessive risk taking that might lead to short-term returns at the expense of long-term value creation.<br>In addition, it creates further alignment between individual executive wealth and the long-term performance of the company.<br><br>As such, the Board determined that share ownership requirements are appropriate for Centuria at this stage and will provide sufficient alignment with securityholders whilst minimising the potential for excessive risk taking. |
| STI deferral | None | Should the executive's share ownership fall below the required limit, company will be deferred 25% of the vested STI in the form of equity for a period of one year, or longer if required to meet the threshold for ownership in the Group. | The Board believes that the Joint CEOs are sufficiently aligned with the securityholders through their significant ownership in the Group's securities (approximately 0.9% of issued capital each).<br>In addition, they both participate in the LTI plan, with an opportunity to receive additional equity subject to meeting performance criteria.<br>The Board has considered the STI deferral in light of the market best practice and determined that due to the above reasons, a formal STI deferral is not appropriate at the current stage of the Group and structure of the executive team (provided that their share ownership meets the required share ownership threshold).<br>As such, the STI deferral will only be triggered in order to meet that criteria. |
| Clawback | Applied under LTI plan only. | The clawback provisions, as described under LTI plan on page 29, will also apply to the deferred portion of the STI. | The Board is of the view that clawback policies continue to be appropriate for Centuria at this stage and will minimize the potential for excessive risk taking. |

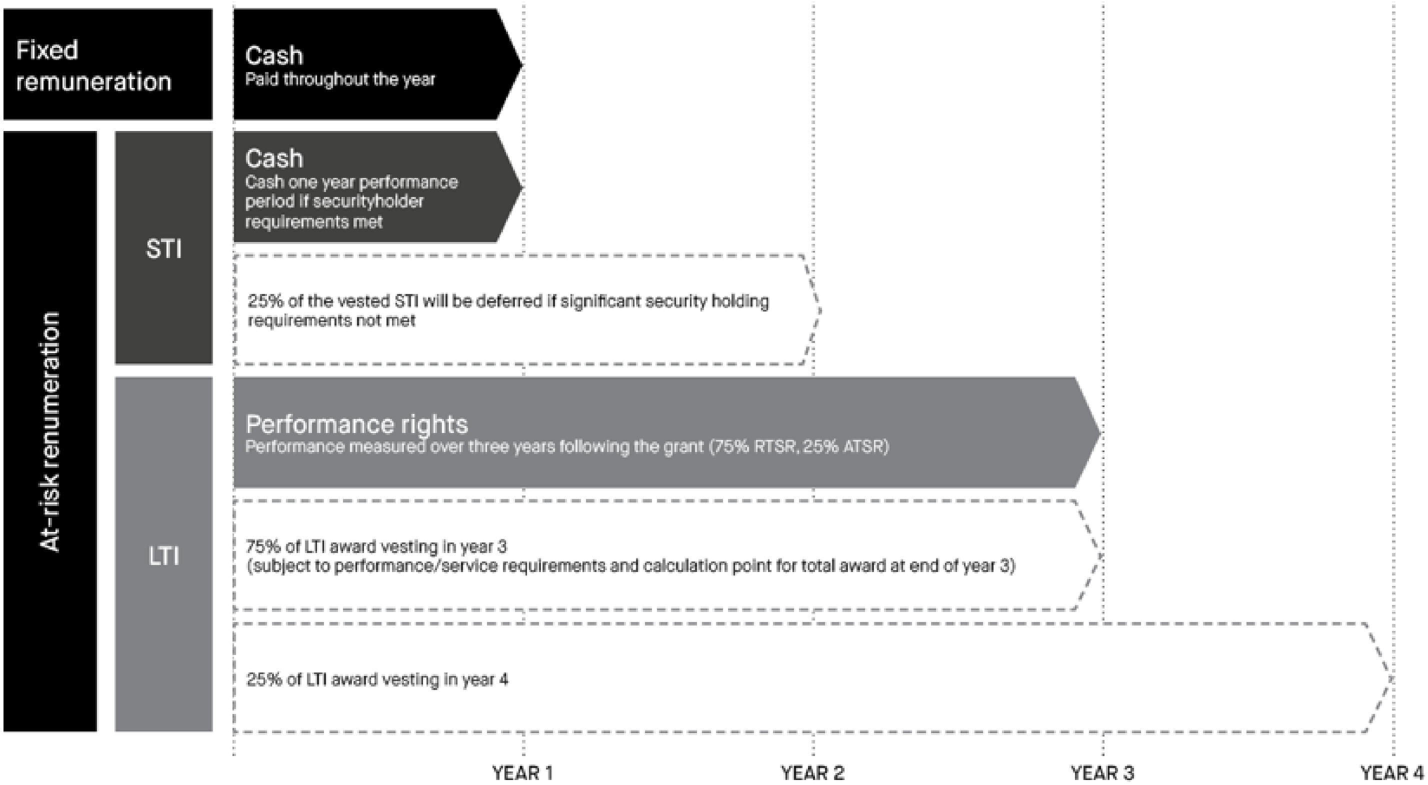
**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Delivery of FY23 Executive Remuneration Components*

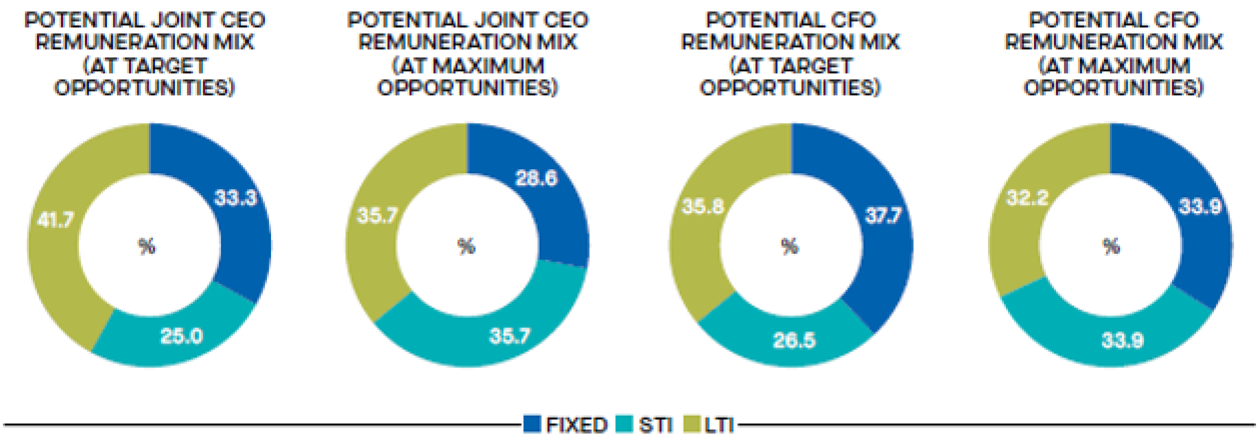
The diagram below outlines the payment/delivery timing of each element of executive remuneration.

**When are the key FY23 remuneration components earned and received?**




*Remuneration Mix*

Remuneration packages include a mix of fixed and variable remuneration and short and long-term performance-based incentives.



**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Remuneration Benchmarking*

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

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

- similar industry or comparable lines of business;
- operate in multiple geographies;
- similar number of employees;
- similar revenue or AUM ($21.0 billion at 30 June 2023) with a complex and diverse structure across a range of unlisted and listed vehicles; and
- similar market capitalisation on the ASX (using the combined market capitalisation for CNI, CIP and COF of approximately $4.2 billion as at 30 June 2023, for benchmarking purposes).

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

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

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

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

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Historical Performance, Shareholder Wealth and Remuneration*

**Financial Performance**

The Group’s overall objective is to reward executive directors and senior management based on the Group’s performance and build on securityholders’ wealth but this is subject to market conditions for the year.

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

| Five year summary | 30 June 2023 | 30 June 2022 | 30 June 2021 | 30 June 2020 | 30 June 2019 |
|---|---|---|---|---|---|
| **Operating profit after tax ($'000)** | 115,588 | 114,510 | 70,211 | 53,253 | 45,706 |
| **Statutory profit after tax attributable to Centuria Capital Group securityholders ($'000)** | 105,920 | (37,852) | 143,456 | 21,105 | 50,795 |
| **Share price at start of year** | $1.81 | $2.78 | $1.79 | $1.77 | $1.40 |
| **Share price at end of year** | $1.65 | $1.81 | $2.78 | $1.79 | $1.77 |
| **Interim dividend** | 5.8cps | 5.5cps | 4.5cps | 4.5cps | 4.25cps |
| **Final dividend** | 5.8cps | 5.5cps | 5.5cps | 5.2cps | 5.0cps |
| **Special non-cash dividend** | - | - | - | - | 7.8cps |
| **Statutory basic earnings per Centuria Capital Group security** | 13.3cps | (4.8)cps | 24.6cps | 4.7cps | 14.2cps |
| **Operating basic earnings per Centuria Capital Group security** | 14.5cps | 14.5cps | 12.0cps | 12.0cps | 12.7cps |
| **Joint CEO STI outcome (% of maximum)** | 88% | 100% | 100% | 93% | N/A |
| **Joint CEO LTI outcome (% of vesting of grant)** | 0% | 25% | 100% | 100% | 100% |
| **CFO STI outcome (% of maximum)** | 90% | 100% | 90% | 93% | N/A |
| **CFO LTI outcome (% of vesting of grant)** | 0% | 25% | 100% | 100% | 100% |

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Historical Performance, Shareholder Wealth and Remuneration (continued)*

**Total Securityholder Return (TSR)**

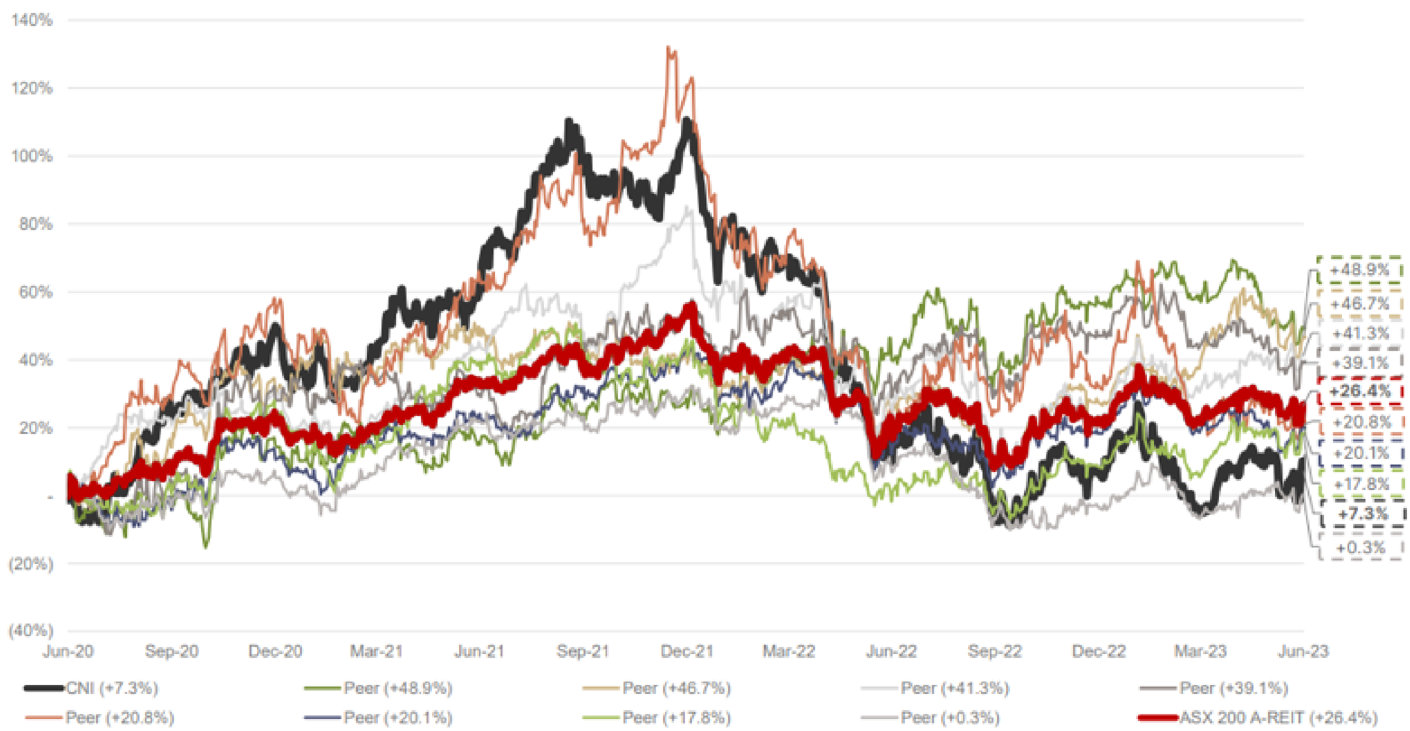
Following the major acquisition of the Primewest business, on 16 July 2021, Centuria Capital joined the S&P/ASX200 index ranked #154. This ranking is currently circa #260 taking into account the post-transaction free float market capitalisation.

Due to the factors set out on page 20 and subject to the qualification also outlined, the Group considers the following ASX-listed entities as its most comparable peers which forms the basis of its remuneration benchmarking exercises:

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

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

## 3-year Total Shareholder Return – (30-Jun-20 to 30-Jun-23) – Peers




Source: TSR data from IRESS

Notes: TSR calculated from closing price 30 June 2020 (as the last trading day in the period) to closing price 30 June 2023
TSR data includes reinvested distributions and represents total return, not an annualised figure
S&P ASX 200 and S&P ASX 200 A-REIT indices are accumulation indices

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Historical Performance, Shareholder Wealth and Remuneration (continued)*

## Total Shareholder Return – Selected Peers Summary

| | 3-year return<br>1-Jul-20 to 30-Jun-23 | 1H23<br>1-Jul-22 to 31-Dec-22 | 2H23<br>1-Jan-23 to 30-Jun-23 | FY23<br>1-Jul-22 to 30-Jun-23 |
|---|---|---|---|---|
| **Centuria Capital Group** | **7.3%** | **(2.6%)** | **0.1%** | **(2.5%)** |
| Peer | 48.9% | 12.2% | (5.2%) | 6.4% |
| Peer | 46.7% | 3.8% | 15.0% | 19.4% |
| Peer | 41.3% | (1.9%) | 16.5% | 14.3% |
| Peer | 39.1% | 14.1% | (5.4%) | 7.9% |
| Peer | 20.8% | 12.5% | (8.8%) | 2.6% |
| Peer | 20.1% | 5.4% | 1.5% | 7.1% |
| Peer | 17.8% | 10.5% | 8.6% | 19.9% |
| Peer | 0.3% | (9.6%) | 3.7% | (6.3%) |
| **Indices** | | | | |
| S&P ASX 200 | 37.2% | 9.8% | 4.5% | 14.8% |
| S&P ASX 200 / A-REIT | 26.4% | 4.0% | 3.9% | 8.1% |

Source: TSR data from IRESS
Notes: TSR data includes reinvested distributions and represents total return, not an annualised figure
TSR is calculated from the closing price of the last trading day in the prior period to capture share price return from the first day of the relevant period
S&P ASX 200 and S&P ASX 200 A-REIT indices are accumulation indices

A major focus for FY23 was maintaining the Group's strategy of growing AUM and ongoing diversification of our portfolio across multiple sectors. During FY23, the Group's AUM continued to grow to $21.0 billion, this growth was complemented with a resilient operating EPS of 14.5 cents, matching the Group's record performance in FY22, further supported by a distribution of 11.6 cents per security (cps) which was both in line with guidance as well as representing an increase of 5.5% compared with the prior year.

This resilient operating performance was delivered despite volatile market conditions.

However, despite the delivery of robust earnings and an increase in distributions for FY23, like many of our peers and the broader S&P/ASX200 Index, our share price has been negatively impacted by the deteriorating global equity markets. This has been against a backdrop of geopolitical tensions as well as economic uncertainty on a global scale. As a result for FY23, Centuria's one-year TSR was -2.5% with the three-year TSR being 7.3%, resulting in full forfeiture vesting of the absolute TSR component of the Tranche 8 LTI awards during the year.

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

*Fixed Remuneration*

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

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

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

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Short-Term Incentives (STI)*

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

**STI Structure**

| **FY23 STI Plan Structure** | | |
|---|---|---|
| Performance period | 12 months | |
| Opportunity | Joint CEOs<br>CFO | 125% of total fixed remuneration at maximum.<br>100% of total fixed remuneration at maximum. |
| How the STI is paid | STI awards may be settled in either cash and/or shares at the Board's discretion. | |
| Performance measures & conditions | Financial measures (60%) | Growth in Assets Under Management (AUM)<br>Operating Earnings Per Share (EPS) Growth<br>Equity sources, sectors and new funds<br>Cost management |
| | Non-financial measures (40%) | Environmental, Social and Governance (ESG)<br>- Sustainability<br>- Diversity and Governance<br>Staff engagement<br>Tenant satisfaction |
| How are STI targets set? | In determining STI hurdle targets, the following factors are considered by the Committee and Board:<br>• performance of peer fund managers over a range of asset classes;<br>• direct returns from asset classes, in particular property, equities and fixed interest;<br>• outlook for financial markets including fixed interest returns;<br>• effect of financial market views on asset values e.g. cap rate compression or expansion;<br>• performance of Centuria compared to other peer managers; and<br>• quality of Centuria's financial products compared to market and how contemporary they are in this context. | |
| How is the STI assessed? | At the Board's absolute discretion, the Group's Senior Management may be provided with the opportunity to receive an annual, performance-based incentive. | |
| | The Nomination and Remuneration Committee assesses annually the individual scorecards of participants against the KPIs in determination of the annual STI outcome. The 'STI Achieved' section outlines the overall scorecard outcomes for FY23. | |
| What happens when an executive ceases employment? | Joint CEOs | If employment terminates part way through a financial year (other than for termination for serious misconduct), the Joint CEOs are entitled to the STI for the full financial year. |
| | CFO | If employment terminates part way through a financial year, the CFO forfeits any applicable STI for the relevant financial year. |
| Is there a KMP minimum security holder requirement? | Yes.<br>The Joint CEOs must hold an equivalent of 200% of their fixed remuneration in the form of equity.<br>The CFO must hold an equivalent of 100% of his fixed remuneration in the form of equity.<br>Any new KMP must accumulate and hold an equivalent of 200% for Joint CEOs and 100% for CFO of their fixed remuneration in the form of equity within the first five years from the date of their appointment. | |
| Is there any STI deferral? | Yes, if the minimum requirement for the above significant security holdings is not met by KMPs, 25% of the vested STI will be deferred in the form of equity for a period of one year, or longer if required to meet the threshold for ownership in the Group. | |
| Malus and clawback | In the event of fraud, dishonesty or material misstatement of financial statements, the Board may make a determination, including 'clawing back' of all deferred STIs, to ensure that no unfair benefit is obtained by a participant. | |

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Short-Term Incentives (STI) (continued)*

**FY23 Performance Measures and Objectives**

**FY23 STI Scorecard**

| Performance hurdle | Weighting | Rationale for use | Target criteria | Outcomes |
|---|---|---|---|---|
| **Financial metrics** | | | | |
| AUM | 15% | Increasing AUM is fundamental to the Group's growth strategy | • Target = attain FY22 AUM, resulting in 50% of award being reached.<br><br>• Outperformance = FY22 AUM + 10%, resulting in additional 50% of the award being granted. | Target was reached resulting in 50% of award being granted for this component.<br><br>Outperformance target not reached resulting in no award for this component. |
| Operating EPS | 15% | Ensures continued focus on growing and managing the profitability of the business as a key driver of sustainable securityholder returns | • Target = guidance of 14.5 cps, resulting in 100% of the award being granted.<br><br>• Outperformance target = 14.5 cps plus 10%, resulting in 125% of award being granted. | Target of 14.5cps reached, 100% of award granted.<br><br>Not achieved. |
| Equity sources, sectors and new funds | 15% | Provides alignment to the Group's growth strategy | • Target = creation of open direct fund in new sector with minimum AUM $200 million, resulting in 100% of award being granted.<br>• Outperformance target = as above with AUM above $300 million resulting in 125% of award being granted. | Target achieved.<br><br>Outperformance target achieved resulting in 125% of the award granted |
| Cost management | 15% | Ensures continued agility to protect securityholder returns | Cost management initiatives undertaken:<br>- Reduced travel and entertainment<br>- Reduced consulting and professional fees<br>- Reduced marketing costs<br>- Reduction of other controllable overheads<br>• Target = reduction of overheads across the above initiatives by 5% or more resulting in 100% of the award being granted.<br>• Outperformance target = reduction of above by 10% or more resulting in 125% of award being granted. | Outperformance target achieved resulting in 125% of the award granted. |

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Short-Term Incentives (STI) (continued)*

**FY23 STI Scorecard (continued)**

| Performance hurdle | Weighting | Rationale for use | Target criteria | Outcomes |
|---|---|---|---|---|
| **Non-financial metrics (continued)** | | | | |
| Sustainability | 10% | Provides alignment to the areas of focus under our sustainability framework: ‘Valued Stakeholders’, ‘Responsible Business Principles’ and being ‘Conscious of Climate Change’ | Targets:<br>• All new developments for CIP and COF to achieve a minimum 5 start Green Star design rating<br>• Improve COF NABERS Sustainability portfolio Index energy ratings of 4.8<br>• Launch new ESG Policy for the Group, and supporting ESG Investment guidelines for CIP and COF<br>• Launch new sustainability targets<br>• Achieve minimum 65% staff engagement score regarding Centuria ESG commitment | Target achieved.<br>• COF delivered Wyatt Street and CIP delivered 95-105 South Gippsland Hwy, both with 5 Star Green Star<br>• Score improvement to 4.9 up from 4.8 in FY22<br>• New ESG Policy approved by the Board; New ESG investment approach guidelines approved and released for CIP and COF<br>• Centuria launched new sustainability targets including zero scope emissions by 2035 and elimination of gas and diesel in operations, where practical.<br>• Staff engagement score of 75% achieved. |
| Diversity and governance | 10% | | Target = Maintain Property Council of Australia diversity target 40/40/20 across entire group, resulting in 100% of award being granted. | Target achieved. |
| Staff Engagement | 10% | A motivated and engagement workforce will drive positive business | Target = overall engagement score* of greater than 75%, resulting in award being granted. | Target achieved. |
| Tenant Satisfaction | 10% | Loyal tenants through an integrated property management supports sustainable earnings | Target = overall engagement score of greater than 75%, resulting in award being granted. | Target achieved. |

* Employee engagement is measured as a score through a bi-annual Group-wide survey conducted independently through “Culture Amp” and supported by an independent consultant who reported directly to the CNI Board.

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Short-Term Incentives (STI) (continued)*

In addition to the scorecard above, the Board took into consideration the following non-financial achievements made in FY23 in determining the final outcome of the FY23 STI awards:

- the target Group operating performance was achieved despite a backdrop adverse economic and market conditions;
- the Group has maintained its comprehensive approach to Employee Engagement Survey. This survey was again deployed across the business using Culture Amp, with the results exceeding real estate industry benchmarks for employee engagement;
- further diversified the Groups representation across the various property sectors by establishing and growing its dedicated Agriculture Fund and the Centuria Bass real estate credit business;
- launched new sustainability targets, targeting Zero Scope 2 emission by 100% electricity sourced from renewables and focusing on practical elimination of gas and diesel in operations by 2035;
- increased stakeholder and investor engagement;
- strengthened and expanded sources of listed and unlisted capital sources; and
- the Group maintained its ongoing community engagement program, including marking 10 years of continued support for St Lucy's School; and
- despite headwinds impacting certain asset sectors non financial property services metrics, including Average Tenant Retention, Portfolio Occupancy and square meters of leasing deals completed all exceeded prior year benchmarks.

**STI Achieved**

The table below outlines the percentage of target STI achieved (and forfeited) in relation to financial and non-financial KPIs, and the total STI awarded, for each executive in 2023.

| | | Financial | | | Non-financial | | | |
|---|---|---|---|---|---|---|---|---|
| **Executive** | **STI on maximum opportunity** | **Weighting** | **Achieved** | **Forfeited** | **Weighting** | **Achieved** | **Forfeited** | **STI awarded** |
| John McBain (Joint CEO) | $1,940,625 | 60% | 80% | 20% | 40% | 100% | 0% | $1,707,750 |
| Jason Huljich (Joint CEO) | $1,940,625 | 60% | 80% | 20% | 40% | 100% | 0% | $1,707,750 |
| Simon Holt (CFO) | $786,500 | 60% | 80% | 20% | 40% | 100% | 0% | $707,850 |

*Long-Term Incentives (LTI)*

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

The primary objectives of the LTI Plan include:

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

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

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Long-Term Incentives (LTI) (continued)*

**LTI Structure**

<table>
<tr><td colspan="4">LTI plan structure</td></tr>
<tr><td>Performance period</td><td colspan="3">Three year performance with 75% of any LTI award vesting in Year 3 with the remaining 25% vesting in Year 4.</td></tr>
<tr><td rowspan="2">Opportunity</td><td>Joint CEOs</td><td colspan="2">125% of total fixed remuneration at maximum</td></tr>
<tr><td>CFO</td><td colspan="2">95% of total fixed remuneration at maximum</td></tr>
<tr><td>Instrument</td><td colspan="3">Performance Rights. The allocation of the LTI grants is on a face value basis using the volume weighted average price of the Group’s securities over the five ASX trading days immediately preceding 1 July of the grant year (being the date of the commencement of the performance period).<br>Each Performance Right is a right to acquire one Security in the Group (or an equivalent cash amount), subject to the achievement of the “performance hurdles” set out below.</td></tr>
<tr><td rowspan="10">Performance metrics</td><td rowspan="5">Relative Total Securityholder Return (RTSR) (75%)</td><td>RTSR (compounded) when ranked to the comparator group of S&P/ASX 200 A-REIT Accumulation Index stocks over the performance period</td><td>Performance Rights subject to RTSR Hurdle that vest</td></tr>
<tr><td>Exceeds the comparator group 75th percentile</td><td>100%</td></tr>
<tr><td>More than the comparator group 50th percentile and less than 75th percentile</td><td>Between 50% to 100% progressive pro-rata vesting (i.e. on a straight-line basis)</td></tr>
<tr><td>Equal to the comparator group 50th percentile</td><td>50%</td></tr>
<tr><td>Less than the comparator group 50th percentile</td><td>0%</td></tr>
<tr><td rowspan="5">Absolute Total Securityholder Return (ATSR) (25%)</td><td>Annual ATSR achieved over the performance period</td><td>Performance Rights subject to ATSR Hurdle that vest</td></tr>
<tr><td>15% or greater</td><td>100%</td></tr>
<tr><td>Between 10% and 15%</td><td>Between 25% to 100% progressive pro-rata vesting (i.e. on a straight-line basis)</td></tr>
<tr><td>10%</td><td>25%</td></tr>
<tr><td>Less than 10%</td><td>0%</td></tr>
<tr><td>Rationale for the performance metric and conditions</td><td colspan="3">Both RTSR and ATSR measure the return securityholders would earn if they held a notional number of securities over a period of time. RTSR provides a relative measure of growth in the Group’s security price in comparison to relative peers (being the S&P/ASX200 A-REIT accumulation index). ATSR provides an absolute measure of growth in the Group’s security price.<br><br>The ATSR target is determined with reference to the following factors which can impact future performance:<br>• performance of peer fund managers over a range of asset classes;<br>• direct returns from asset classes in particular property, equities and fixed interest;<br>• outlook for financial markets including fixed interest returns;<br>• effective financial market views on asset values e.g. cap rate compression or expansion;<br>• performance of Centuria compared to other peer managers; and<br>• quality of Centuria’s financial products compared to market and how contemporary they are in this context.<br><br>By combining RTSR with an ATSR measure, executives can be rewarded for driving positive returns and investors have the confidence that interests are aligned with long-term business growth and the creation of shareholder wealth. The inclusion of an ATSR metric has been designed to counter-balance RTSR outcomes which may vest when overall market conditions are down.</td></tr>
</table>

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Long-Term Incentives (LTI) (continued)*

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

**LTI Grants**

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

| **Tranche** | **Grant date (Joint CEOs)** | **Grant date (Other Participants)** | **Performance period** |
|---|---|---|---|
| 7 | 18 October 2019 | 18 October 2019 | 1 July 2019 to 30 June 2022<br>(vested 12 August 2022) |
| 8 | 26 November 2020 | 13 November 2020 | 1 July 2020 to 30 June 2023<br>(Tranche to be fully forfeited) |
| 9 | 3 December 2021 | 12 August 2021 | 1 July 2021 to 30 June 2024 |
| 10 | 5 December 2022 | 12 August 2022 | 1 July 2022 to 30 June 2025 |

**Audited Remuneration Report (continued)**

***Remuneration of Senior Management (continued)***

*Long-Term Incentives (LTI) (continued)*

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

| | Held at 1 July 2022 | Rights granted during the year | Rights vested and exercised during the year | Rights forfeited during the year | Rights held at 30 June 2023 | Grant Date | Fair value to be expensed in future periods ($) |
|---|---|---|---|---|---|---|---|
| **John McBain** | | | | | | | |
| Tranche 7 - Absolute TSR | 562,500 | - | - | 562,500 | - | 18-Oct-19 | - |
| Tranche 7 - FUM Growth | 187,500 | - | 187,500 | - | - | 18-Oct-19 | - |
| Tranche 8 Relative TSR | 682,278 | - | - | - | 682,278 | 26-Nov-20 | - |
| Tranche 8 Absolute TSR | 227,426 | - | - | - | 227,426 | 26-Nov-20 | - |
| Tranche 9 Relative TSR | 530,806 | - | - | - | 530,806 | 03-Dec-21 | 1,009,858 |
| Tranche 9 Absolute TSR | 176,935 | - | - | - | 176,935 | 03-Dec-21 | 207,899 |
| Tranche 10 Relative TSR | - | 758,610 | - | - | 758,610 | 05-Dec-22 | 493,097 |
| Tranche 10 Absolute TSR | - | 252,870 | - | - | 252,870 | 05-Dec-22 | 130,228 |
| **Total** | **2,367,445** | **1,011,480** | **187,500** | **562,500** | **2,628,925** | | **1,841,082** |
| **Jason Huljich** | | | | | | | |
| Tranche 7 - Absolute TSR | 562,500 | - | - | 562,500 | - | 18-Oct-19 | - |
| Tranche 7 - FUM Growth | 187,500 | - | 187,500 | - | - | 18-Oct-19 | - |
| Tranche 8 Relative TSR | 682,278 | - | - | - | 682,278 | 26-Nov-20 | - |
| Tranche 8 Absolute TSR | 227,426 | - | - | - | 227,426 | 26-Nov-20 | - |
| Tranche 9 Relative TSR | 530,806 | - | - | - | 530,806 | 03-Dec-21 | 1,009,858 |
| Tranche 9 Absolute TSR | 176,935 | - | - | - | 176,935 | 03-Dec-21 | 207,899 |
| Tranche 10 Relative TSR | - | 758,610 | - | - | 758,610 | 05-Dec-22 | 493,097 |
| Tranche 10 Absolute TSR | - | 252,870 | - | - | 252,870 | 05-Dec-22 | 130,228 |
| **Total** | **2,367,445** | **1,011,480** | **187,500** | **562,500** | **2,628,925** | | **1,841,082** |
| **Simon Holt** | | | | | | | |
| Tranche 7 - Absolute TSR | 208,542 | - | - | 208,542 | - | 18-Oct-19 | - |
| Tranche 7 - FUM Growth | 69,514 | - | 69,514 | - | - | 18-Oct-19 | - |
| Tranche 8 Relative TSR | 274,630 | - | - | - | 274,630 | 26-Nov-20 | - |
| Tranche 8 Absolute TSR | 91,543 | - | - | - | 91,543 | 26-Nov-20 | - |
| Tranche 9 Relative TSR | 204,370 | - | - | - | 204,370 | 12-Aug-21 | 415,382 |
| Tranche 9 Absolute TSR | 68,123 | - | - | - | 68,123 | 12-Aug-21 | 83,110 |
| Tranche 10 Relative TSR | - | 292,078 | - | - | 292,078 | 12-Aug-22 | 233,662 |
| Tranche 10 Absolute TSR | - | 97,360 | - | - | 97,360 | 12-Aug-22 | 64,258 |
| **Total** | **916,722** | **389,438** | **69,514** | **208,542** | **1,028,104** | | **796,412** |
| **Executive Total** | **5,651,612** | **2,412,398** | **444,514** | **1,333,542** | **6,285,954** | | **4,478,576** |

***(i):*** *The Tranche 8 Relative TSR fair value is $1.75 for Joint CEOs and $1.58 for CFO.*
***(ii):*** *The Tranche 8 Absolute TSR fair value is $1.29 for Joint CEOs and $1.10 for CFO.*
***(iii):*** *The Tranche 9 Relative TSR fair values are $1.92 (three-year vesting) and $1.85 (four-year vesting) for Joint CEOs and $2.05 (three-year vesting) and $1.98 (four-year vesting) for CFO.*
***(iv):*** *The Tranche 9 Absolute TSR fair value are $1.18 (three-year vesting) and $1.16 (four-year vesting) for Joint CEOs and $1.23 (three-year vesting) and $1.19 (four-year vesting) for CFO.*
***(v):*** *The Tranche 10 Relative TSR fair values are $0.68 (three-year vesting) and $0.64 (four-year vesting) for Joint CEOs and $0.83 (three-year vesting) and $0.79 (four-year vesting) for CFO.*
***(vi):*** *The Tranche 10 Absolute TSR fair value are $0.53 (three-year vesting) and $0.51 (four-year vesting) for Joint CEOs and $0.69 (three-year vesting) and $0.65 (four-year vesting) for CFO.*
***(vii):*** *The maximum value of the rights yet to vest is the fair value amount at grant date yet to be reflected in the Group's consolidated income statement. The minimum future value is $nil as the future performance conditions may not be met.*

***Key Terms of Employment Contracts***

*Joint Chief Executive Officers*

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

- fixed compensation plus superannuation contributions;
- car parking within close proximity to the Group's office;
- eligible to participate in the bonus program determined at the discretion of the Board;

**Audited Remuneration Report (continued)**

***Key Terms of Employment Contracts (continued)***

*Joint Chief Executive Officers (continued)*

- the Group may terminate their employment contract by providing six months written notice or provide payment in lieu of the notice period plus an additional six months. Any payment in lieu of notice will be based on the total fixed compensation package; and
- the Group may terminate their employment contract at any time without notice if serious misconduct has occurred. When termination with cause occurs, the Joint Chief Executive Officers are only entitled to remuneration up to the date of termination.

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

*Other Senior Management (standard contracts)*

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

**Summary of Achieved Forfeited STI and Tranche 8 LTI**

The table below outlines the percentage of target STIs and LTIs achieved (and forfeited) in relation to financial and non-financial KPIs, and the total awarded, for each executive for the financial year ended 30 June 2023.

| Short Term Incentives | | | | | | |
|---|---|---|---|---|---|---|
| | John McBain FY23 Maximum STI $1,940,625 | | Jason Huljich FY23 Maximum STI $1,940,625 | | Simon Holt FY23 Maximum STI $786,500 | |
| | Achieved | Forfeited | Achieved | Forfeited | Achieved | Forfeited |
| % FY22 STI | 88% | 12% | 88% | 12% | 90% | 10% |
| **Total STI($)** | **$ 1,707,750** | **$ 232,875** | **$ 1,707,750** | **$ 232,875** | **$ 707,850** | **$ 78,650** |

| Long Term Incentives | | | | | | |
|---|---|---|---|---|---|---|
| | John McBain Tranche 8 Performance Rights at grant date $1,487,366 | | Jason Huljich Tranche 8 Performance Rights at grant date $1,487,366 | | Simon Holt Tranche 8 Performance Rights at grant date $534,613 | |
| | Achieved | Forfeited | Achieved | Forfeited | Achieved | Forfeited |
| Performance Rights achieved / to be forfeited | $ - | $ 1,487,366 | $ - | $ 1,487,366 | $ - | $ 534,613 |
| Performance rights achieved / to be forfeited (%) | 0% | 100% | 0% | 100% | 0% | 100% |
| **Total LTI ($)** | **$ -** | **$ 1,487,366** | **$ -** | **$ 1,487,366** | **$ -** | **$ 534,613** |
| **Total Incentives ($)** | **$ 1,707,750** | **$ 1,720,241** | **$ 1,707,750** | **$ 1,720,241** | **$ 707,850** | **$ 613,263** |

**Audited Remuneration Report (continued)**

***Key Terms of Employment Contracts (continued)***

*Statutory Remuneration Table to KMP*

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

| | | Short-term employee benefits | | Other long-term benefits | | Total |
|---|---|---|---|---|---|---|
| | Year | Salaries including superannuation ($)* | Short Term Incentive ($) | Long service leave ($) | Share-based payments ($) | $ |
| **Executive KMP** | | | | | | |
| **Mr John E. McBain** | **2023** | **1,552,500** | **1,707,750** | **45,406** | **1,114,435** | **4,420,091** |
| | 2022 | 1,552,500 | 1,940,625 | 90,109 | 1,175,247 | 4,758,481 |
| **Mr Jason C. Huljich** | **2023** | **1,552,500** | **1,707,750** | **397** | **1,114,435** | **4,375,082** |
| | 2022 | 1,552,500 | 1,940,625 | 29,356 | 1,175,247 | 4,697,728 |
| **Mr Simon W. Holt** | **2023** | **786,500** | **707,850** | **17,140** | **446,109** | **1,957,599** |
| | 2022 | 786,500 | 786,500 | 18,702 | 445,780 | 2,037,482 |
| **Total** | **2023** | **3,891,500** | **4,123,350** | **62,943** | **2,674,979** | **10,752,772** |
| | 2022 | 3,891,500 | 4,667,750 | 138,167 | 2,796,274 | 11,493,691 |

**KMP fees are paid as cash and are inclusive of superannuation contributions which are paid in accordance with the applicable superannuation legislation. KMPs are not entitled to retirement benefits other than superannuation.*

*Total fees for each KMP disclosed in the table above include superannuation contributions as follows:*
- *Mr John E. McBain $25,292 (2022: $23,568)*
- *Mr Jason C. Huljich $25,292 (2022: $23,568)*
- *Mr Simon W. Holt $25,292 (2022: $23,568)*

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration***

*Objective*

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

- Non-Executive Directors receive adequate remuneration to attract and retain the requisite talent;
- reflect the complexity of the Group structure and the time commitment associated with oversight of multi-faceted operating entities within the Group;
- reflects the risk and responsibility accepted by the Non-Executive Directors and their commercial expertise; and
- the structure should align the Non-Executive Directors with investors, not providing any disincentive to take independent action.

*Structure*

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

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

As highlighted on page 14, the Centuria structure, whilst not unique, comprises multiple operating entities, both listed and unlisted. These include CNI, COF, CIP, Centuria Life, Centuria Healthcare, Centuria New Zealand, Centuria Bass Credit and Primewest. Each Board has specific requirements and obligations. In recognition of the complexity of the Group and in the interests of good governance and transparency, the Group has adopted a Directors' fee schedule which is disclosed in the table below.

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

In determining the fee schedule, the Non-Executive Director fees were benchmarked against the same peer group of S&P/ASX200 A-REIT. Additionally, the complexity of the overall Group and the commitment levels required by Non-Executive Directors was considered in setting the level of fees.

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Structure (continued)*

The new fee schedule, outlined below, became effective from 1 July 2022 to 30 June 2023:

| **Director Fee Schedule** | | |
|---|---|---|
| **Centuria Capital Limited** | | |
| Board | Chair<br>Member | $348,000<br>$114,400 |
| Audit, Risk & Compliance Committee | Chair<br>Member | $20,800<br>$10,400 |
| Conflicts Committee | Chair<br>Member | $52,000<br>$15,600 |
| Nomination & Remuneration Committee | Chair<br>Member | $20,800<br>$10,400 |
| Culture, People & ESG Committee | Chair<br>Member | $20,800<br>$10,400 |
| **Centuria Life Limited** | | |
| Board | Chair<br>Member | $93,600<br>$31,200 |
| Audit Committee | Chair<br>Member | -<br>$10,400 |
| Risk & Compliance Committee | Chair<br>Member | -<br>- |
| Investment Committee | Chair<br>Member | $72,800<br>- |
| **Centuria Property Funds Limited** | | |
| Board | Chair<br>Member (i) | $114,400<br>$31,200 / $57,200 |
| Audit, Risk & Compliance Committee | Chair<br>Member | $15,600<br>$10,400 |
| **Centuria Property Funds No. 2 Limited** | | |
| Board | Chair<br>Member (i) | $119,600<br>$31,200 / $57,200 |
| Audit, Risk & Compliance Committee | Chair (ii)<br>Member | -<br>$10,400 |
| **Centuria Healthcare Pty Ltd** | | |
| Board | Chair<br>Member | $72,800<br>- |
| **Centuria Healthcare Asset Management Ltd** | | |
| Board | Chair<br>Member | $52,000<br>$31,200 |

***Note (i):*** *Committee members who are also Directors on the Centuria Capital Group Board are remunerated $31,200 and all other committee members are remunerated $57,200.*
***Note (ii):*** *The Chair of the Centuria Property Funds No.2 Limited Audit, Risk & Compliance Committee is a director on the Centuria Capital Group Board and does not receive an additional fee.*

*Details of Boards and Board Committees*

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

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

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

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Details of Boards and Board Committees (continued)*

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

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

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

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

**Centuria Healthcare Pty Limited**
Centuria Capital Group owns 58.99% of Centuria Healthcare Pty Limited, formerly Heathley Healthcare. Through its various subsidiaries, including Centuria Healthcare Asset Management Limited the Responsible Entity for a number of unlisted healthcare registered scheme, this company provides extensive property, funds management and development management services across a range of established healthcare assets and development opportunities. The Centuria Capital Group currently has a majority interest in Centuria Healthcare Pty Limited with a put and call option exercisable in 2024 to acquire the remaining stake in the healthcare business. In the meantime, Centuria Capital has day to day control over the operating and financial decisions of the business and the Board meets on a monthly basis to set the strategic direction of Centuria’s healthcare business.

**Centuria Property Funds Limited**
Centuria Property Funds Limited (CPFL) is the responsible entity of the ASX listed Centuria Office REIT (Ticker Code: COF), the responsible entity of the open ended fund Centuria Diversified Property Fund and Centuria Agriculture Fund, and ten closed ended registered schemes with over $4.2 billion total assets under management. CPFL is also regulated by ASIC to provide Custodian Services to various property funds. The Board must ensure that CPFL continually meets its obligations as an Australian Financial Services Licence holder including capital adequacy, minimum net tangible asset, liquidity and cashflow testing requirements.

**Centuria Property Funds No. 2 Limited**
Centuria Property Funds No.2 Limited (CPF2L) is the responsible entity of the ASX listed Centuria Industrial Fund (Ticker Code: CIP) and the responsible entity of the open ended Centuria Healthcare Property Fund and four closed ended registered schemes with over $4.2 billion total assets under management. CPF2L is also regulated by ASIC to provide Custodian Services to various property funds. The Board must ensure that CPF2L continually meets its obligations as an Australian Financial Services Licence holder including capital adequacy, minimum net tangible asset, liquidity and cashflow testing requirements.

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

**Conflicts Committee**
Identifying and addressing all matters involving conflicts of interest, whether actual or perceived is the cornerstone of good corporate governance. The Board of Centuria Capital Group has established a Conflicts Committee to review and assess specific arrangements proposed to manage conflicts as and when they arise. The Committee has an independent Chairman, Professor Simon Rice AO, and its members are all independent Non-Executive Directors from within the Group. Meetings take place whenever required to provide the Board of the relevant Centuria entity with guidance on whether the measures proposed, if properly implemented, are adequate to manage the conflict. Amongst its A-REIT peers in the S&P/ASX200, Centuria is the only company to have such a committee.

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Details of Boards and Board Committees (continued)*

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

**Culture and ESG Committee**
The Culture and ESG Committee was established by the Board as a result of the Board’s recognition of the importance of ESG to the long-term sustainability of the Group and the increasing relevance to Centuria’s investors as the Group grows. The Board also recognised the Group’s responsibility to the community in which it operates and as such, established the Committee to assist the Board in fulfilling its oversight responsibilities and to make recommendations on matters pertaining to culture and environmental, social and governance.

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

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Non Executive Director - Statutory Remuneration Table*

The below table outlines total fees paid to NEDs for 2022 and 2023. All the fees below include superannuation.

| | Year | Total Fees (i) $ |
|---|---|---|
| **Non-Executive KMP** | | |
| **Mr Garry S. Charny** | **2023** | **514,800** |
| | 2022 | 495,000 |
| **Ms Kristie R. Brown** | **2023** | **140,400** |
| | 2022 | 125,312 |
| **Mr Peter J. Done** | **2023** | **239,200** |
| | 2022 | 230,000 |
| **Mr John R. Slater** | **2023** | **239,200** |
| | 2022 | 230,000 |
| **Ms Susan L. Wheeldon** | **2023** | **156,000** |
| | 2022 | 146,771 |
| **Mr Nicholas R. Collishaw** | **2023** | **-** |
| Note (ii) | 2022 | 52,727 |
| ***Total*** | **2023** | **1,289,600** |
| | 2022 | 1,279,810 |

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

*Total fees for each Non Executive Director disclosed in the table above include superannuation contributions as follows:*
- *Mr Garry S. Charny $30,110 (2022: $29,932)*
- *Ms Kristie R. Brown $13,343 (2022: $11,392)*
- *Mr Peter J. Done $12,847 (2022: $10,455)*
- *Mr John R. Slater $31,294 (2022: $20,909)*
- *Ms Susan L. Wheeldon $7,412 (2022: $13,343)*
- *Mr Nicholas R. Collishaw $nil (2022: $4,242)*

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

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Non Executive Director - Statutory Remuneration Table (continued)*

The below presentation shows how fees paid to each NED aligns with their roles in various subsidiary Boards and Committees as per the fee schedule on page 34. This new fee structure and schedule was effective from 1 June 2021.

**Mr Garry S. Charny**

| | Year | Board meetings held during FY23 | Board | Audit, Risk & Compliance Committee | Conflicts Committee | Nomination & Remuneration Committee | Culture and ESG Committee | Investment Committee | Total $ |
|---|---|---|---|---|---|---|---|---|---|
| **Centuria Capital Limited** | **2023 - 12 months** | **20** | **348,400** | **-** | **-** | **-** | **-** | **-** | **348,400** |
| | 2022 - 12 months | 25 | 335,000 | 0# | 0# | 0# | 0# | - | 335,000 |
| **Centuria Life Limited** | **2023 - 12 months** | **11** | **93,600** | **0#** | **-** | **-** | **-** | **-** | **93,600** |
| | 2022 - 12 months | 13 | 90,000 | 0# | - | - | - | - | 90,000 |
| **Centuria Healthcare Pty Ltd** | **2023 - 12 months** | **8** | **72,800** | **-** | **-** | **-** | **-** | **-** | **72,800** |
| | 2022 - 12 months | 7 | 70,000 | - | - | - | - | - | 70,000 |
| **Total** | **2023 - 12 months** | **39** | **514,800** | **-** | **-** | **-** | **-** | **-** | **514,800** |
| | 2022 - 12 months | 45 | 495,000 | - | - | - | - | - | 495,000 |

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

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Non Executive Director - Statutory Remuneration Table (continued)*

**Ms Kristie R. Brown**

| | Year | Board meetings held during FY23 | Board | Audit, Risk & Compliance Committee | Conflicts Committee | Nomination & Remuneration Committee | Culture and ESG Committee | Investment Committee | Total $ |
|---|---|---|---|---|---|---|---|---|---|
| **Centuria Capital Limited (i)** | **2023 - 12 months** | **20** | **114,400** | **10,400** | **15,600** | **-** | **-** | **-** | **140,400** |
| | 2022 - 12 months | 25 | 110,000 | 10,000 | 5,132 | - | - | - | 125,132 |
| **Total** | **2023 - 12 months** | **20** | **114,400** | **10,400** | **15,600** | **-** | **-** | **-** | **140,400** |
| | 2022 - 12 months | 25 | 110,000 | 10,000 | 5,132 | - | - | - | 125,132 |

***Note (i):*** *Ms Kristie Brown was appointed a member of the Centuria Capital Conflicts Committee on 22 February 2022.*

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Non Executive Director - Statutory Remuneration Table (continued)*

**Mr Peter J. Done**

| | Year | Board meetings held during FY23 | Board | Audit, Risk & Compliance Committee | Conflicts Committee | Nomination & Remuneration Committee | Culture and ESG Committee | Investment Committee | Total $ |
|---|---|---|---|---|---|---|---|---|---|
| **Centuria Capital Limited** | **2023 - 12 months** | **20** | **114,400** | **20,800** | **-** | **10,400** | **-** | **-** | **145,600** |
| | 2022 - 12 months | 25 | 110,000 | 20,000 | - | 10,000 | - | - | 140,000 |
| **Centuria Life Limited** | **2023 - 12 months** | **11** | **31,200** | **0#** | **-** | **-** | **-** | **0#** | **31,200** |
| | 2022 - 12 months | 13 | 30,000 | 0# | - | - | - | 0# | 30,000 |
| **Centuria Property Funds Limited** | **2023 - 12 months** | **18** | **31,200** | **0#** | **-** | **-** | **-** | **-** | **31,200** |
| | 2022 - 12 months | 27 | 30,000 | 0# | - | - | - | - | 30,000 |
| **Centuria Property Funds No. 2 Limited** | **2023 - 12 months** | **24** | **31,200** | **0#** | **-** | **-** | **-** | **-** | **31,200** |
| | 2022 - 12 months | 28 | 30,000 | 0# | - | - | - | - | 30,000 |
| **Total** | **2023 - 12 months** | **73** | **208,000** | **20,800** | **-** | **10,400** | **-** | **-** | **239,200** |
| | 2022 - 12 months | 93 | 200,000 | 20,000 | - | 10,000 | - | - | 230,000 |

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

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Non Executive Director - Statutory Remuneration Table (continued)*

**Mr John R. Slater**

| | Year | Board meetings held during FY23 | Board | Audit, Risk & Compliance Committee | Conflicts Committee | Nomination & Remuneration Committee | Culture and ESG Committee | Investment Committee | Total $ |
|---|---|---|---|---|---|---|---|---|---|
| **Centuria Capital Limited** | **2023 - 12 months** | **20** | **114,400** | **10,400** | **-** | **10,400** | **-** | **-** | **135,200** |
| | 2022 - 12 months | 25 | 110,000 | 10,000 | - | 10,000 | - | - | 130,000 |
| **Centuria Life Limited** | **2023 - 12 months** | **11** | **31,200** | **-** | **-** | **-** | **-** | **72,800** | **104,000** |
| | 2022 - 12 months | 13 | 30,000 | - | - | - | - | 70,000 | 100,000 |
| **Total** | **2023 - 12 months** | **31** | **145,600** | **10,400** | **-** | **10,400** | **-** | **72,800** | **239,200** |
| | 2022 - 12 months | 38 | 140,000 | 10,000 | - | 10,000 | - | 70,000 | 230,000 |

**Ms Susan L. Wheeldon**

| | Year | Board meetings held during FY23 | Board | Audit, Risk & Compliance Committee | Conflicts Committee | Nomination & Remuneration Committee | Culture and ESG Committee | Investment Committee | Total $ |
|---|---|---|---|---|---|---|---|---|---|
| **Centuria Capital Limited (i)** | **2023 - 12 months** | **20** | **114,400** | **-** | **-** | **20,800** | **20,800** | **-** | **156,000** |
| | 2022 - 12 months | 25 | 110,000 | - | 9,688 | 7,083 | 20,000 | - | 146,771 |
| **Total** | **2023 - 12 months** | **20** | **114,400** | **-** | **-** | **20,800** | **20,800** | **-** | **156,000** |
| | 2022 - 12 months | 25 | 110,000 | - | 9,688 | 7,083 | 20,000 | - | 146,771 |

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

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Non Executive Director - Statutory Remuneration Table (continued)*

**Mr Nicholas R. Collishaw**

| | Year | Board meetings held during FY22 | Board | Audit, Risk & Compliance Committee | Conflicts Committee | Nomination & Remuneration Committee | Culture and ESG Committee | Investment Committee | Total $ |
|---|---|---|---|---|---|---|---|---|---|
| **Centuria Capital Limited (i)** | **2023 - 12 months** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2022 - 12 months | 25 | 18,333 | - | - | - | 1,667 | - | 20,000 |
| **Centuria Property Funds Limited (i)** | **2023 - 12 months** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2022 - 12 months | 27 | 5,000 | - | - | - | - | - | 5,000 |
| **Centuria Property Funds No. 2 Limited (i)** | **2023 - 12 months** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2022 - 12 months | 28 | 5,000 | - | - | - | - | - | 5,000 |
| **Centuria Healthcare Asset Management Limited (ii)** | **2023 - 12 months** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2022 - 12 months | 6 | 22,727 | - | - | - | - | - | 22,727 |
| **Total** | **2023 - 12 months** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2022 - 12 months | | 51,060 | - | - | - | 1,667 | - | 52,727 |

***Note (i):*** *Mr Nicholas Collishaw resigned from the Board of Centuria Capital Limited, Centuria Property Funds Limited and Centuria Property Funds No.2 Limited on 30 August 2021*
***Note (ii):*** *Mr Nicholas Collishaw resigned from the Board of Centuria Healthcare Asset Management Limited on 17 September 2021*

**Audited Remuneration Report (continued)**

***Non-Executive Director Remuneration (continued)***

*Related Party Transactions*

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

Accordingly, from 1 June 2021, no consulting fees have been paid to entities associated with CNI directors.

There were no fees paid during the year.

***Director and Senior Management Equity Holdings and Other Transactions***

*Director and Senior Management Equity Holdings*

Set out below are details of movements in fully paid ordinary shares held by Directors and Senior Management as at the date of this report.

| Name | Balance at 1 July 2022 | Securities acquired / (sold) | Rights exercised | Balance at 30 June 2023 | Changes prior to signing | Balance at signing date |
|---|---|---|---|---|---|---|
| Mr Garry S. Charny | 422,753 | - | - | **422,753** | - | **422,753** |
| Ms Kristie R. Brown | - | - | - | **-** | - | **-** |
| Mr Peter J. Done | 1,506,182 | - | - | **1,506,182** | - | **1,506,182** |
| Mr John R. Slater | 3,110,677 | - | - | **3,110,677** | - | **3,110,677** |
| Ms Susan L. Wheeldon | - | - | - | **-** | - | **-** |
| Mr Jason C. Huljich | 6,258,581 | - | 187,500 | **6,446,081** | - | **6,446,081** |
| Mr John E. McBain | 7,700,782 | - | 187,500 | **7,888,282** | - | **7,888,282** |
| Mr Simon W. Holt | 1,008,385 | - | 69,514 | **1,077,899** | - | **1,077,899** |

Set out below are the details of movement of performance rights held by KMPs during the year. The fair value attributable to these rights can be found on page 30.

| Name | Balance at 1 July 2022 | Rights granted during the year | Rights vested and exercised during the year | Rights forfeited during the year | Rights held at 30 June 2023 |
|---|---|---|---|---|---|
| Mr Jason C. Huljich | 2,367,445 | 1,011,480 | (187,500) | (562,500) | **2,628,925** |
| Mr John E. McBain | 2,367,445 | 1,011,480 | (187,500) | (562,500) | **2,628,925** |
| Mr Simon W. Holt | 916,722 | 389,438 | (69,514) | (208,542) | **1,028,104** |

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

Mr Garry S. Charny
Director

Mr Peter J. Done
Director

Sydney
18 August 2023

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

## To the Directors of Centuria Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Centuria Capital Group for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Paul Thomas

*Partner*

Sydney

18 August 2023

# Centuria Capital Group
ABN 22 095 454 336

# Financial report
# 30 June 2023

## Contents

# Consolidated statement of comprehensive income

**For the year ended 30 June 2023**

| | Notes | **2023 $'000** | 2022 $'000 |
|---|---|---|---|
| Revenue | B1, B2 | **370,115** | 299,716 |
| Share of net profit of equity accounted investments | E1 | **4,281** | 7,101 |
| Net movement in policyholder liability | | **(10,001)** | 16,514 |
| Mark to market movements of financial instruments and property | B3 | **6,928** | (190,384) |
| Expenses | B4 | **(206,052)** | (135,313) |
| Finance costs | B5 | **(38,538)** | (31,593) |
| **Profit/(loss) before tax** | | **126,733** | (33,959) |
| Income tax expense | B6 | **(20,801)** | (3,402) |
| **Profit/(loss) after tax** | | **105,932** | (37,361) |
| **Profit/(loss) after tax is attributable to:** | | | |
| Centuria Capital Limited | | **32,289** | 20,637 |
| Centuria Capital Fund (non-controlling interests) | | **73,631** | (58,489) |
| External non-controlling interests | | **12** | 491 |
| **Profit/(loss) after tax** | | **105,932** | (37,361) |
| Foreign currency translation reserve | | **4,487** | (4,262) |
| **Total comprehensive income/(loss) for the year** | | **110,419** | (41,623) |
| **Total comprehensive income/(loss) for the year is attributable to:** | | | |
| Centuria Capital Limited | | **36,776** | 16,375 |
| Centuria Capital Fund (non-controlling interests) | | **73,631** | (58,489) |
| External non-controlling interests | | **12** | 491 |
| **Total comprehensive income/(loss)** | | **110,419** | (41,623) |
| **Profit/(loss) after tax attributable to:** | | | |
| Centuria Capital Limited | | **32,289** | 20,637 |
| Centuria Capital Fund (non-controlling interests) | | **73,631** | (58,489) |
| **Profit/(loss) after tax attributable to Centuria Capital Group securityholders** | | **105,920** | (37,852) |
| | | **Cents** | Cents |
| **Earnings/(loss) per Centuria Capital Group security** | | | |
| Basic (cents per stapled security) | B7 | **13.3** | (4.8) |
| Diluted (cents per stapled security) | B7 | **13.1** | (4.8) |
| **Earnings per Centuria Capital Limited share** | | | |
| Basic (cents per share) | B7 | **4.0** | 2.6 |
| Diluted (cents per share) | B7 | **3.9** | 2.6 |

*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 2023**

| | Notes | **2023 $'000** | 2022 $'000[1,2] |
|---|---|---|---|
| Cash and cash equivalents | D2 | **225,460** | 200,565 |
| Receivables | C2 | **133,278** | 113,487 |
| Income tax receivable | B6(b) | **4,988** | 3,549 |
| Financial assets | C3 | **939,733** | 961,692 |
| Other assets | | **12,714** | 9,972 |
| Inventory | C5 | **88,708** | 134,783 |
| Deferred tax assets | B6(c) | **8,637** | 7,085 |
| Equity accounted investments | E1 | **90,682** | 74,769 |
| Investment properties | C4 | **-** | 337,500 |
| Right of use asset | C10 | **32,590** | 17,006 |
| Intangible assets | C6 | **793,072** | 791,521 |
| **Total assets** | | **2,329,862** | 2,651,929 |
| | | | |
| Payables | C7 | **92,418** | 134,619 |
| Provisions | | **5,419** | 5,113 |
| Borrowings | C8 | **375,217** | 629,385 |
| Provision for income tax | B6(b) | **600** | 4,165 |
| Interest rate swaps at fair value | | **19,339** | 18,750 |
| Benefit Funds policyholder's liability | | **278,793** | 270,557 |
| Call/Put option liability | C9 | **38,255** | 84,095 |
| Deferred tax liabilities | B6(c) | **66,307** | 52,601 |
| Lease liability | C10 | **35,725** | 19,443 |
| **Total liabilities** | | **912,073** | 1,218,728 |
| | | | |
| **Net assets** | | **1,417,789** | 1,433,201 |
| | | | |
| **Equity** | | | |
| **Equity attributable to Centuria Capital Limited** | | | |
| Contributed equity | C11 | **394,811** | 389,717 |
| Reserves | | **10,063** | 3,491 |
| Retained earnings | | **297,353** | 284,478 |
| **Total equity attributable to Centuria Capital Limited** | | **702,227** | 677,686 |
| | | | |
| **Equity attributable to Centuria Capital Fund (non-controlling interests)** | | | |
| Contributed equity | C11 | **1,034,779** | 1,025,584 |
| Accumulated losses | | **(322,592)** | (313,452) |
| **Total equity attributable to Centuria Capital Fund (non-controlling interests)** | | **712,187** | 712,132 |
| | | | |
| **Total equity attributable to Centuria Capital Group securityholders** | | **1,414,414** | 1,389,818 |
| | | | |
| **Equity attributable to external non-controlling interests** | | | |
| Contributed equity | | **3,358** | 15,683 |
| Accumulated losses | | **17** | 27,700 |
| **Total equity attributable to external non-controlling interests** | | **3,375** | 43,383 |
| | | | |
| **Total equity** | | **1,417,789** | 1,433,201 |

[1]See note C6 for details in relation to the prior period restatement within assets.
[2]Prior year numbers have been represented to reflect current year presentation. See note B6 for details.

*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 2023**

| | Centuria Capital Limited | | | | Centuria Capital Fund (non-controlling interests) | | | | External non-controlling interests | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Contributed equity $'000 | Reserves $'000 | Retained earnings $'000 | Total $'000 | Contributed equity $'000 | Accumulated losses $'000 | Total $'000 | Total attributable to Centuria Capital Group Securityholders $'000 | Contributed equity $'000 | Retained earnings $'000 | Total $'000 | Total equity $'000 |
| **Balance at 1 July 2022** | 389,717 | 3,491 | 284,478 | 677,686 | 1,025,584 | (313,452) | 712,132 | 1,389,818 | 15,683 | 27,700 | 43,383 | 1,433,201 |
| Profit/(loss) for the year | - | - | 32,289 | 32,289 | - | 73,631 | 73,631 | 105,920 | - | 12 | 12 | **105,932** |
| Foreign currency translation reserve | - | 4,487 | - | 4,487 | - | - | - | 4,487 | - | - | - | **4,487** |
| **Total comprehensive income for the year** | **-** | **4,487** | **32,289** | **36,776** | **-** | **73,631** | **73,631** | **110,407** | **-** | **12** | **12** | **110,419** |
| Equity settled share based payments expense | 2,970 | 2,085 | - | 5,055 | - | - | - | 5,055 | - | - | - | **5,055** |
| Dividends and distributions paid/accrued | - | - | (17,264) | (17,264) | - | (79,121) | (79,121) | (96,385) | - | - | - | **(96,385)** |
| Stapled securities issued | 2,125 | - | - | 2,125 | 9,201 | - | 9,201 | 11,326 | - | - | - | **11,326** |
| Cost of equity raising | (1) | - | - | (1) | (6) | - | (6) | (7) | - | - | - | **(7)** |
| Capital invested to non-controlling interests | - | - | - | - | - | - | - | - | 464 | - | 464 | **464** |
| Deconsolidation of controlled property funds* | - | - | (2,150) | (2,150) | - | (3,650) | (3,650) | (5,800) | (12,789) | (27,695) | (40,484) | **(46,284)** |
| **Balance at 30 June 2023** | **394,811** | **10,063** | **297,353** | **702,227** | **1,034,779** | **(322,592)** | **712,187** | **1,414,414** | **3,358** | **17** | **3,375** | **1,417,789** |

* Included in the deconsolidation of controlled property funds is a correction of the allocation of prior year profits between Centuria Capital Limited, Centuria Capital Fund and external non-controlling interests.

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

# Consolidated statement of changes in equity

**For the year ended 30 June 2023**

| | Centuria Capital Limited | | | | Centuria Capital Fund (non-controlling interests) | | | | External non-controlling interests | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Contributed equity $'000 | Reserves $'000 | Retained earnings $'000 | Total $'000 | Contributed equity $'000 | Accumulated losses $'000 | Total $'000 | Total attributable to Centuria Capital Group securityholders $'000 | Contributed equity $'000 | Retained earnings $'000 | Total $'000 | Total equity $'000 |
| **Balance at 1 July 2021** | 386,634 | 3,720 | 283,058 | 673,412 | 1,018,822 | (183,970) | 834,852 | 1,508,264 | 31,781 | 30,196 | 61,977 | 1,570,241 |
| Profit/(loss) for the year | - | - | 20,637 | 20,637 | - | (58,489) | (58,489) | (37,852) | - | 491 | 491 | **(37,361)** |
| Foreign currency translation reserve | - | (4,262) | - | (4,262) | - | - | - | (4,262) | - | - | - | **(4,262)** |
| **Total comprehensive income/(loss) for the year** | **-** | **(4,262)** | **20,637** | **16,375** | **-** | **(58,489)** | **(58,489)** | **(42,114)** | **-** | **491** | **491** | **(41,623)** |
| Equity settled share based payments expense | 981 | 4,033 | - | 5,014 | - | - | - | 5,014 | - | - | - | **5,014** |
| Dividends and distributions paid/accrued | - | - | (18,965) | (18,965) | - | (70,523) | (70,523) | (89,488) | - | (3,895) | (3,895) | **(93,383)** |
| Stapled securities issued | 2,039 | - | - | 2,039 | 6,636 | - | 6,636 | 8,675 | - | - | - | **8,675** |
| Cost of equity raising | (173) | - | - | (173) | (344) | - | (344) | (517) | - | - | - | **(517)** |
| Capital invested to non-controlling interests | - | - | - | - | - | - | - | - | 5,979 | - | 5,979 | **5,979** |
| Deconsolidation of controlled property funds | - | - | - | - | - | - | - | - | (22,077) | 908 | (21,169) | **(21,169)** |
| Fair value differential on acquisition (impact of transaction as part of stapled group) | - | - | (252) | (252) | - | (470) | (470) | (722) | - | - | - | **(722)** |
| Change in value of securities issued | 236 | - | - | 236 | 470 | - | 470 | 706 | - | - | - | **706** |
| **Balance at 30 June 2022** | **389,717** | **3,491** | **284,478** | **677,686** | **1,025,584** | **(313,452)** | **712,132** | **1,389,818** | **15,683** | **27,700** | **43,383** | **1,433,201** |

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

# Consolidated statement of cash flows

**For the year ended 30 June 2023**

| | Notes | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Management fees received | | **204,747** | 186,462 |
| Performance fees received | | **143** | 20,829 |
| Distributions received | | **54,738** | 53,119 |
| Interest received | | **7,987** | 4,531 |
| Rent received | | **5,731** | 27,764 |
| Cash received on development projects | | **3,813** | 48,511 |
| Payments to suppliers and employees | | **(122,526)** | (106,726) |
| Interest paid | | **(31,796)** | (26,393) |
| Income taxes paid | | **(8,616)** | (19,560) |
| Applications - Benefits Funds | | **23,630** | 27,801 |
| Redemptions - Benefits Funds | | **(24,169)** | (44,737) |
| **Net cash provided by operating activities** | D3 | **113,682** | 171,601 |
| | | | |
| **Cash flows from investing activities** | | | |
| Disposal of equity accounted investments | | **65,402** | 8,324 |
| Proceeds from sale of related party investments | | **61,966** | 89,817 |
| Loans repaid from other parties | | **39,734** | - |
| Repayment of loans by related parties | | **36,644** | 82,991 |
| Sale of property held for sale | | **31,708** | - |
| Sale of property held for development | | **30,203** | 10,149 |
| Benefit Funds net disposals of investments in financial assets | | **28,725** | 12,925 |
| Collections from reverse mortgage holders | | **2,521** | 2,551 |
| Purchase of investments in related parties | | **(63,736)** | (164,281) |
| Purchase of equity accounted investments | | **(49,036)** | (28,381) |
| Loans to related parties | | **(39,838)** | (149,531) |
| Loans to other parties | | **(39,734)** | - |
| Purchase of property held for development | | **(20,246)** | - |
| Payments of balances held in trust for related parties | | **(13,883)** | - |
| Cash balance on deconsolidation of property funds | | **(6,043)** | (12,926) |
| Payments for property, plant and equipment | | **(2,314)** | (2,697) |
| Proceeds from sale of investments | | **-** | 4,737 |
| Sale/(purchase) of investment property | | **-** | (237,700) |
| **Net cash provided by/(used in) investing activities** | | **62,073** | (384,022) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **96,650** | 248,719 |
| Proceeds from issue of securities to securityholders of Centuria Capital Group | | **11,326** | 8,300 |
| Repayment of borrowings | | **(162,749)** | (23,395) |
| Distributions paid to securityholders of Centuria Capital Group | | **(93,474)** | (90,524) |
| Capitalised borrowing costs paid | | **(1,094)** | (1,900) |
| Equity raising costs paid | | **(7)** | (328) |
| Proceeds from issues of securities to external non-controlling interests | | **-** | 3,658 |
| Distributions paid to external non-controlling interests | | **-** | (3,820) |
| **Net cash (used in)/provided by financing activities** | | **(149,348)** | 140,710 |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **26,407** | (71,711) |
| Cash and cash equivalents at the beginning of the financial year | | **200,565** | 273,351 |
| Effects of exchange rate changes on cash and cash equivalents | | **(1,512)** | (1,075) |
| **Cash and cash equivalents at end of year** | | **225,460** | 200,565 |

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

# A About the report

## A1 General information

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

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

**Statement of compliance**

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

The consolidated financial statements of the Group comprising the Company (as ‘Parent’) and its controlled entities for the year ended 30 June 2023 were authorised for issue by the Group’s Board of Directors on 18 August 2023.

**Basis of preparation**

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

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

**Going concern**

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

**Rounding of amounts**

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

## A2 Significant accounting policies

The accounting policies and methods of computation in the preparation of the consolidated financial statements are consistent with those adopted in the previous financial year ended 30 June 2022 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated financial statements.

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

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

**Foreign currency transactions**

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

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

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

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

## A2 Significant accounting policies (continued)

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

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

## A3 Other new accounting standards and interpretations

The AASB has issued new or amendments to standards that are first effective from 1 July 2022.

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

*Standards now effective:*

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

*Standards not yet effective:*

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

• AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
• AASB 17 Insurance Contracts
• AASB 2020-5 Amendments to Australian Accounting Standards - Insurance Contracts
• AASB 2022-1 Amendments to Australian Accounting Standards - Initial application of AASB 17 and AASB 9 - Comparative Information
• AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates
• AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
• AASB 2021-7(a-c) Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
• AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

## A4 Use of judgements and estimates

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

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

• Note B2 Revenue - Performance fees
• Note C6 Intangible assets
• Note F2 Financial instruments

## A5 Segment summary

As at 30 June 2023 the Group has six reportable operating segments. These reportable operating segments are the divisions which report to the Group's Joint Chief Executive Officers and Board of Directors for the purpose of resource allocation and assessment of performance.

The reportable operating segments are:

| Operating segments | Description |
|---|---|
| Property Funds Management | Management of listed and unlisted property funds. |
| Co-Investments | Direct interest in property funds, properties held for sale and other liquid investments |
| Developments | Management of development projects and completion of structured property developments which span sectors ranging from Commercial Office, Industrial, Health through to Residential Mixed Use. |
| Property & Development Finance | Provision of real estate secured non-bank finance for land sub-division, bridging finance, development projects and residual stock. |
| Investment Bonds Management | Management of the Benefit Funds of Centuria Life Limited and management of the Over Fifty Guardian Friendly Society Limited. The Benefit Funds include a range of financial products, including single and multi-premium investments. |
| Corporate | Overheads for supporting the Group's operating segments and management of a reverse mortgage lending portfolio. |

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

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

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

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

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

# B Business performance

## B1 Segment profit and loss

| For the year ended 30 June 2023 | Notes | Property Funds Management $'000 | Co-Investments $'000 | Development $'000 | Property and Development Finance $'000 | Investment Bonds Management $'000 | Corporate $'000 | Operating profit $'000 | Non operating items $'000 | Benefits Funds $'000 | Controlled Property Funds $'000 | Eliminations $'000 | Statutory profit $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Management fees | | 142,260 | - | 12,919 | - | 8,605 | - | **163,784** | - | - | - | (3,595) | **160,189** |
| Development revenue | | - | - | 30,649 | - | - | - | **30,649** | 67,612 | - | - | - | **98,261** |
| Distribution/dividend revenue | | - | 43,474 | - | - | - | - | **43,474** | (3,875) | 8,381 | - | - | **47,980** |
| Property performance fees | | 28,457 | - | - | - | - | - | **28,457** | - | - | - | - | **28,457** |
| Property acquisition fees | | 14,923 | - | - | - | - | - | **14,923** | - | - | - | - | **14,923** |
| Interest revenue | | - | 4,232 | 463 | 5,622 | - | 2,751 | **13,068** | (5,622) | 1,647 | 12 | (59) | **9,046** |
| Rental income | | 204 | 4,988 | - | - | - | - | **5,192** | - | - | 18 | - | **5,210** |
| Underwriting fees | | 2,982 | - | - | - | - | - | **2,982** | - | - | - | - | **2,982** |
| Financing fees | | 975 | - | - | 6,200 | - | - | **7,175** | (6,200) | - | - | - | **975** |
| Property sales fees | | 911 | - | - | - | - | - | **911** | - | - | - | - | **911** |
| Other income | | 314 | 21 | 2 | - | 684 | - | **1,021** | - | 160 | - | - | **1,181** |
| **Total Revenue** | **B2** | **191,026** | **52,715** | **44,033** | **11,822** | **9,289** | **2,751** | **311,636** | **51,915** | **10,188** | **30** | **(3,654)** | **370,115** |
| Share of net profit of equity accounted investments | E1 | - | - | - | - | - | - | **-** | 4,281 | - | - | - | **4,281** |
| Net movement in policyholder liabilities | | - | - | - | - | - | - | **-** | - | (10,001) | - | - | **(10,001)** |
| Market to market movements of financial instruments and property | B3 | - | - | - | - | - | - | **-** | (296) | 7,224 | - | - | **6,928** |
| Expenses | B4 | (76,301) | (331) | (8,523) | (5,236) | (5,827) | (18,626) | **(114,844)** | 2,985 | (4,083) | - | 3,595 | **(112,347)** |
| Cost of sales | B4 | - | - | (26,093) | - | - | - | **(26,093)** | (67,612) | - | - | - | **(93,705)** |
| Finance costs | B5 | (2,160) | (32,996) | (3) | (5) | (1) | (1,818) | **(36,983)** | (1,610) | - | (4) | 59 | **(38,538)** |
| **Profit/(loss) before tax** | | 112,565 | 19,388 | 9,414 | 6,581 | 3,461 | (17,693) | **133,716** | (10,337) | 3,328 | 26 | - | **126,733** |
| Income tax benefit/(expense) | B6 | (33,340) | (2,155) | (2,801) | (1,975) | (1,037) | 23,180 | **(18,128)** | 657 | (3,328) | (2) | - | **(20,801)** |
| **Profit/(loss) after tax** | | **79,225** | **17,233** | **6,613** | **4,606** | **2,424** | **5,487** | **115,588** | **(9,680)** | **-** | **24** | **-** | **105,932** |
| Profit/(loss) after tax attributable to: | | | | | | | | | | | | | |
| Centuria Capital Limited | | 79,225 | 3,468 | 6,613 | 4,606 | 2,424 | (65,891) | **30,445** | 1,832 | - | 12 | - | **32,289** |
| Centuria Capital Fund | | - | 13,765 | - | - | - | 71,378 | **85,143** | (11,512) | - | - | - | **73,631** |
| **Profit/(loss) after tax attributable to Centuria Capital Group securityholders** | | **79,225** | **17,233** | **6,613** | **4,606** | **2,424** | **5,487** | **115,588** | **(9,680)** | **-** | **12** | **-** | **105,920** |
| Non-controlling interests | | - | - | - | - | - | - | **-** | - | - | 12 | - | **12** |
| **Profit/(loss) after tax** | | **79,225** | **17,233** | **6,613** | **4,606** | **2,424** | **5,487** | **115,588** | **(9,680)** | **-** | **24** | **-** | **105,932** |

## B1 Segment profit and loss (continued)

| For the year ended 30 June 2022 | Notes | Property Funds Management $'000 | Co-Investments $'000 | Development $'000 | Property and Development Finance $'000 | Investment Bonds Management $'000 | Corporate $'000 | Operating profit $'000 | Non operating items $'000 | Benefits Funds $'000 | Controlled Property Funds $'000 | Eliminations $'000 | Statutory profit $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Management fees | | 124,634 | - | 11,447 | - | 10,723 | - | 146,804 | - | - | - | (6,439) | 140,365 |
| Property acquisition fees | | 26,850 | - | - | - | - | - | 26,850 | - | - | - | - | 26,850 |
| Property performance fees | | 32,950 | - | - | - | - | - | 32,950 | - | - | - | - | 32,950 |
| Financing fees | | 1,986 | - | 73 | 4,592 | - | - | 6,651 | (4,592) | - | - | - | 2,059 |
| Development revenue | | - | - | 14,246 | - | - | - | 14,246 | - | - | - | - | 14,246 |
| Property sales fees | | 2,326 | - | - | - | - | - | 2,326 | - | - | - | - | 2,326 |
| Interest revenue | | 120 | 1,450 | 758 | 2,886 | - | 3,235 | 8,449 | (2,886) | 430 | 2 | (59) | 5,936 |
| Rental income | | - | 1,272 | 450 | - | - | 62 | 1,784 | - | - | 18,271 | - | 20,055 |
| Recoverable outgoings | | - | - | - | - | - | - | - | - | - | 5,402 | - | 5,402 |
| Distribution/dividend revenue | | - | 45,515 | - | - | - | - | 45,515 | (2,706) | 6,541 | - | (4,212) | 45,138 |
| Underwriting fees | | 3,473 | - | - | - | - | - | 3,473 | - | - | - | - | 3,473 |
| Other income | | 790 | 564 | 898 | 307 | 528 | 474 | 3,561 | (2,818) | 41 | 132 | - | 916 |
| **Total revenue** | | **193,129** | **48,801** | **27,872** | **7,785** | **11,251** | **3,771** | **292,609** | **(13,002)** | **7,012** | **23,807** | **(10,710)** | **299,716** |
| Share of net profit of equity accounted investments | E1 | - | - | - | - | - | - | - | 7,101 | - | - | - | 7,101 |
| Net movement in policyholder liabilities | | - | - | - | - | - | - | - | - | 16,514 | - | - | 16,514 |
| Market to market movements of financial instruments and property | B3 | - | - | - | - | - | - | - | (167,087) | (24,848) | 32 | 1,519 | (190,384) |
| Expenses | B4 | (74,839) | (374) | (8,738) | (3,621) | (6,693) | (22,176) | (116,441) | 237 | (5,429) | (7,199) | 6,172 | (122,660) |
| Cost of sales | B4 | - | - | (12,653) | - | - | - | (12,653) | - | - | - | - | (12,653) |
| Finance costs | B5 | (5,884) | (17,765) | (7) | (5) | (11) | (2,385) | (26,057) | (1,063) | (2) | (2,779) | (1,692) | (31,593) |
| **Profit/(Loss) before tax** | | 112,406 | 30,662 | 6,474 | 4,159 | 4,547 | (20,790) | 137,458 | (173,814) | (6,753) | 13,861 | (4,711) | (33,959) |
| Income tax benefit/(expense) | B6 | (33,621) | (1,799) | (1,948) | (1,247) | (1,135) | 16,802 | (22,948) | 12,793 | 6,753 | - | - | (3,402) |
| **Profit/(Loss) after tax** | | **78,785** | **28,863** | **4,526** | **2,912** | **3,412** | **(3,988)** | **114,510** | **(161,021)** | **-** | **13,861** | **(4,711)** | **(37,361)** |
| Profit/(loss) after tax attributable to: | | | | | | | | | | | | | |
| Centuria Capital Limited | | 78,785 | 5,965 | 4,526 | 2,912 | 3,412 | (53,393) | 42,207 | (21,570) | - | - | - | 20,637 |
| Centuria Capital Fund | | - | 22,898 | - | - | - | 49,405 | 72,303 | (139,451) | - | 13,370 | (4,711) | (58,489) |
| Profit/(loss) after tax attributable to Centuria Capital Group securityholders | | **78,785** | **28,863** | **4,526** | **2,912** | **3,412** | **(3,988)** | **114,510** | **(161,021)** | **-** | **13,370** | **(4,711)** | **(37,852)** |
| Non-controlling interests | | - | - | - | - | - | - | - | - | - | 491 | - | 491 |
| **Profit/(loss) after tax** | | **78,785** | **28,863** | **4,526** | **2,912** | **3,412** | **(3,988)** | **114,510** | **(161,021)** | **-** | **13,861** | **(4,711)** | **(37,361)** |

## B2 Revenue

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

**(a) Recognition and measurement**

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

## B2 Revenue (continued)

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

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

## B2 Revenue (continued)

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

The following table represents additional information not required by accounting standards of revenue expected to be recognised in the future relating to performance conditions that are unsatisfied (or partially unsatisfied) at period end. These amounts represent the unconstrained values of expected future revenue.

| | Recognised in 2023 $'000 | Balance of unrecognised performance obligations 2023 $'000 | Recognised in 2022 $'000 | Balance of unrecognised performance obligations 2022 $'000 |
|---|---|---|---|---|
| Property performance fees* | 28,457 | 125,996 | 32,950 | 179,273 |
| Development revenue** | 30,649 | 63,698 | 14,246 | 25,954 |
| Management fees*** | 34,215 | 120,268 | 57,822 | 75,999 |

* The underlying property funds managed by the Group have total estimated performance fees payable of $185,500,000 as at 30 June 2023 (30 June 2022: $215,081,000) based on the current financial performance of the underlying property funds. These represent an estimate of the total expected performance fee revenue due to the Group from the property funds over their remaining lives. Of these performance fees, the Group has recognised $28,457,000 in FY23, with $29,742,000 recognised in prior years. The total estimated amount of performance fees available to the Group to recognise in the future is $125,996,000 (30 June 2022: $179,273,000).

These amounts are expected to be recognised in future periods based on expected fund expiries which range up to FY30. Unrecognised performance fees are based on current property valuations and anticipated fund expire dates and as a result may not be fees that will eventuate upon actual Fund expiry. Further, these amounts may not be in line with the point performance fees recognition will normally be triggered based on the Group's accounting policy outlined in B2(a) i.e. amounts disclosed are not constrained to represent the amount of future revenue that is highly probable of not being realised.

** Relates to property development contracts where the Group is acting as developer and is based on contracted revenue. The Group expects to recognise the revenue in the coming 12 months as the development activity is completed.

*** Relates only to unlisted property funds management fees which have a defined fund life. The amount is an estimated amount based on the 30 June 2023 balance of defined metrics or fixed amount as set out in the Group's accounting policy outlined in B2(a). The Group expects to recognise the revenue over the next seven years. As defined metrics are primarily driven by property valuations, the unrecognised management fees may not be fees that will eventuate over the life of the fund.

### (c) Transactions with related parties

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

| | **2023 $** | 2022 $ |
|---|---|---|
| Management fees from Property Funds managed by Centuria | **155,178,975** | 134,751,000 |
| Development revenue from Property Funds managed by Centuria | **61,763,557** | 14,246,374 |
| Distributions from Property Funds managed by Centuria | **37,174,386** | 38,597,343 |
| Performance fees from Property Funds managed by Centuria | **28,456,851** | 32,950,250 |
| Property acquisition fees from Property Funds managed by Centuria | **14,923,473** | 26,850,177 |
| Development management fees from Property Funds managed by Centuria | **12,918,642** | 11,446,854 |
| Fees from Debt funds managed by Centuria | **6,199,936** | 4,898,751 |
| Interest from Debt Funds managed by Centuria | **5,622,451** | 2,885,503 |
| Management fees from Over Fifty Guardian Friendly Society | **3,372,860** | 3,618,246 |
| Underwriting fees in relation to Property Funds managed by Centuria | **2,982,378** | 3,472,595 |
| Interest income on loans to Property Funds managed by Centuria | **2,721,891** | 1,381,964 |
| Sales fees from Property Funds managed by Centuria | **910,504** | 2,326,011 |
| Interest income on loan to Bass Property Credit Fund | **589,705** | - |
| Interest income on loan to Centuria Bass Credit Fund | **98,533** | - |
| | **332,914,142** | 277,425,068 |

*Terms and conditions of transactions with related parties*

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

The Group pays some expenses on behalf of related entities and receives a reimbursement for those payments. As at 30 June 2023, the amount receivable from related parties per note C2(a) is $21,045,276.

## B3 Mark to market movements of financial instruments and property

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

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Movement in Centuria Industrial REIT's listed market price | **29,317** | (101,599) |
| Movement in Centuria Office REIT's listed market price | **(29,993)** | (56,719) |
| Movement in Healthcare put/call option | **10,440** | (26,005) |
| Impairment of Inventory | **(5,630)** | (3,989) |
| Other mark to market movements | **2,794** | (2,072) |
| **Total mark to market movement** | **6,928** | (190,384) |

## B4 Expenses

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Cost of sales - development | **93,705** | 12,653 |
| Employee benefits expense | **75,419** | 72,031 |
| Depreciation Expense | **5,596** | 4,179 |
| Insurance costs | **5,404** | 5,000 |
| Property management fees paid | **4,050** | 4,594 |
| Superannuation contribution expense | **4,253** | 3,379 |
| Consulting and professional fees | **3,254** | 5,109 |
| Information Technology expenses | **2,886** | 3,359 |
| Administration fees | **1,789** | 3,278 |
| Transaction costs | **1,631** | 3,652 |
| Property outgoings and fund expenses | **-** | 5,393 |
| Acquisition fee rebates expense | **-** | 1,360 |
| Claims - discretionary participation features | **-** | 165 |
| Other expenses | **8,065** | 11,161 |
| | **206,052** | 135,313 |

### (a) Transactions with key management personnel

*i Director remuneration*

The aggregate remuneration paid to directors of the Group is set out below:

| | **2023 $** | 2022 $ |
|---|---|---|
| Board and Committee fees | **1,289,600** | 1,279,810 |

Detailed information on directors remuneration is included in Audited Remuneration Report on page 13.

*ii Key management personnel compensation*

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

| | **2023 $** | 2022 $ |
|---|---|---|
| Short-term employee benefits | **9,150,494** | 9,678,084 |
| Post-employment benefits | **153,957** | 160,976 |
| Other long-term employment benefits | **62,943** | 138,167 |
| Share-based payments | **2,674,979** | 2,796,274 |
| | **12,042,373** | 12,773,501 |

Detailed information on key management personnel compensation is included in the Audited Remuneration Report on page 13.

## B5 Finance costs

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Group interest charges | **33,025** | 18,112 |
| Finance charge - puttable instruments | **2,146** | 5,884 |
| Reverse mortgage facility interest charges | **1,754** | 1,999 |
| Lease interest | **1,613** | 1,069 |
| Fair value loss on financial assets | **277** | 14,503 |
| Fair value gain on derivatives | **(277)** | (14,503) |
| Bank loans in Controlled Property Funds interest charges | **-** | 2,779 |
| Other finance costs | **-** | 1,750 |
| | **38,538** | 31,593 |

**Recognition and measurement**

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

## B6 Taxation

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Current tax expense in respect of the current year | **4,235** | 23,877 |
| Adjustments to current tax in relation to prior years | **2,552** | (1,117) |
| | **6,787** | 22,760 |
| Deferred tax expense/(benefit) relating to the origination and reversal of temporary differences | **17,060** | (18,468) |
| Adjustments to deferred tax in relation to prior years | **(3,046)** | (890) |
| **Income tax expense** | **20,801** | 3,402 |

### (a) Reconciliation of income tax expense

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

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Profit/(loss) before tax | **126,733** | (33,959) |
| Less: (profit)/loss not subject to income tax | **(63,054)** | 45,172 |
| | **63,679** | 11,213 |
| Income tax expense calculated at 30% | **19,104** | 3,364 |
| Add/(deduct) tax effect of amounts which are not deductible/(assessable) | | |
| Tax offsets | **(1,217)** | (301) |
| Non-allowable expenses - other | **1,000** | 1,415 |
| Adjustments to income tax expense in relation to prior years | **2,552** | (1,117) |
| Effects of different tax rates of subsidiaries operating in other jurisdictions | **(638)** | 41 |
| **Income tax expense** | **20,801** | 3,402 |

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

## B6 Taxation (continued)

### (b) Current tax assets and liabilities

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| **Current tax assets/(liabilities) attributable to:** | | |
| Income tax receivable/(payable) - Australia* | **4,988** | 534 |
| Income tax payable to benefit fund policy holders - Australia | **(600)** | (1,150) |
| | **4,388** | (616) |

*The prior period tax receivable in Australia has been amended to reflect purchase price adjustments of $3,300,000 that had been recorded as a tax receivable and should have been recorded as part of the purchase price consideration. The Goodwill as at 30 June 2022 had a corresponding impact increasing by $3,300,000.

### (c) Movement of deferred tax balances

| Net deferred tax assets/(liabilities) attributable to: | 2023 $'000 | 2022* $'000 |
|---|---|---|
| Deferred tax liabilities - Australia | **(66,307)** | (52,601) |
| Deferred tax assets - New Zealand | **8,637** | 7,085 |
| | **(57,670)** | (45,516) |

*We have restated the prior year to present deferred tax assets and liabilities on a net basis due to the gross assets and liabilities being with the same counterparty.

| Financial year ended 30 June 2023 | Opening balance $'000 | Movement $'000 | Closing balance $'000 |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Provisions | **2,865** | **1,933** | **4,798** |
| Transaction costs | **4,582** | **(1,445)** | **3,137** |
| Capital losses | **23,313** | **(220)** | **23,093** |
| Financial derivatives | **11,353** | **(2,129)** | **9,224** |
| Revenue tax losses | **1,541** | **4,328** | **5,869** |
| Property held for development | **5,714** | **(1,913)** | **3,801** |
| Right of use asset/Lease liability | **115** | **379** | **494** |
| Equity accounted investment | **523** | **-** | **523** |
| | **50,006** | **933** | **50,939** |
| **Deferred tax liabilities** | | | |
| Indefinite life management rights | **(86,678)** | **-** | **(86,678)** |
| Accrued performance fees | **(11,534)** | **(5,541)** | **(17,075)** |
| Accrued income | **(408)** | **-** | **(408)** |
| Unrealised foreign exchange gains | **-** | **(1,263)** | **(1,263)** |
| Unrealised loss/(gain) on financial assets | **3,492** | **(6,184)** | **(2,692)** |
| Other | **(394)** | **(99)** | **(493)** |
| | **(95,522)** | **(13,087)** | **(108,609)** |
| **Net deferred tax liabilities** | **(45,516)** | **(12,154)** | **(57,670)** |

During the current year, the net deferred tax liabilities increased by $12,154,000, of which $1,263,000 was recognised directly in equity and $14,014,000 was recognised in deferred tax expense, offset by $3,123,000 recognised in current tax benefit.

## B6 Taxation (continued)

**(c) Movement of deferred tax balances (continued)**

| Financial year ended 30 June 2022 | Opening balance $'000 | Movement $'000 | Closing balance $'000 |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Provisions | 3,498 | (633) | 2,865 |
| Transaction costs | 4,387 | 195 | 4,582 |
| Capital losses | 24,781 | (1,468) | 23,313 |
| Financial derivatives | 2,319 | 9,034 | 11,353 |
| Revenue tax losses | 2,943 | (1,402) | 1,541 |
| Property held for development | 3,942 | 1,772 | 5,714 |
| Right of use asset/Lease liability | 48 | 67 | 115 |
| Equity accounted investment | 523 | - | 523 |
| Other | 85 | (85) | - |
| | 42,526 | 7,480 | 50,006 |
| **Deferred tax liabilities** | | | |
| Indefinite life management rights | (86,678) | - | (86,678) |
| Accrued performance fees | (6,345) | (5,189) | (11,534) |
| Accrued income | (352) | (56) | (408) |
| Unrealised loss/(gain) on financial assets | (6,794) | 10,286 | 3,492 |
| Other | (403) | 9 | (394) |
| | (100,572) | 5,050 | (95,522) |
| Net deferred tax liabilities | (58,046) | 12,530 | (45,516) |

**Recognition and measurement**

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

***i*** *Current tax*

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

***ii*** *Deferred tax*

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

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

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

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

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

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

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

## B6 Taxation (continued)

**Recognition and measurement (continued)**

***iii*** *Tax consolidation*

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

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

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

From 19 July 2021, Centuria WA Pty Limited (Centuria WA Group) and its wholly-owned subsidiaries, formerly known as Primewest Group Limited, formed part of the Company's consolidated tax group as a result of the Company acquiring 100% interest in Centuria WA Group in accordance with Australian tax legislation.

Centuria Healthcare Pty Ltd ('Centuria Healthcare') is not a wholly-owned subsidiary of the Company at 30 June 2023. Centuria Healthcare has its own tax consolidated group with its wholly-owned subsidiaries for the full year. Centuria Healthcare is the head company of the Centuria Healthcare tax consolidated group. Tax expense/benefit, deferred tax assets and deferred tax liabilities arising from temporary differences of the members of the tax consolidated group are recognised in their separate financial statements using a 'standalone taxpayer' approach. Under the tax funding agreement between members of the tax consolidated group, amounts are recognised as payable to or receivable by each member in relation to the tax contribution amounts paid or payable between Centuria Healthcare and the members of its tax consolidated group.

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

***iv*** *Current and deferred tax for the period*

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

## B7 Earnings/(losses) per security

| | **2023 Cents** | 2022 Cents |
|---|---|---|
| **Earnings/(losses) per Centuria Capital Group security** | | |
| Basic (cents per share) | **13.3** | (4.8) |
| Diluted (cents per share)(i) | **13.1** | (4.8) |
| **Earnings per Centuria Capital Limited share** | | |
| Basic (cents per share) | **4.0** | 2.6 |
| Diluted (cents per share) | **3.9** | 2.6 |

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

(i)As the Group was in a statutory loss in 2022, the Diluted EPS is equal to Basic EPS.

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

| | **2023** | 2022 |
|---|---|---|
| Weighted average number of ordinary securities (basic) | **797,325,988** | 791,188,235 |
| Weighted average number of ordinary securities (diluted)(i) | **808,051,046** | 800,319,140 |

(i) The weighted average number of ordinary securities used in the calculation of diluted earnings per security is determined as if 30 June 2023 was the end of the performance period of the grants of Rights under the LTI Plan. All Rights that would have vested if 30 June 2023 was the end of the performance period are deemed to have been issued at the start of the financial year.

## B8 Dividends and distributions

| | 2023 Cents per security | 2023 Total $'000 | 2022 Cents per security | 2022 Total $'000 |
|---|---|---|---|---|
| **Dividends/distributions paid during the year** | | | | |
| Final year-end dividend (fully franked) | **0.90** | **7,114** | 2.10 | 12,605 |
| Final year-end distribution | **4.60** | **36,363** | 3.40 | 20,408 |
| Interim dividend (fully franked) | **1.20** | **9,557** | 1.20 | 9,482 |
| Interim distribution | **4.60** | **36,634** | 4.30 | 33,977 |
| **Dividends/distributions declared during the year** | | | | |
| Final dividend (fully franked) (i) | **0.50** | **3,999** | 0.90 | 7,114 |
| Final distribution (i) | **5.30** | **42,389** | 4.60 | 36,363 |

(i) The Group declared a final dividend/distribution in respect of the year ended 30 June 2023 of 5.8 cents per stapled security which included a fully franked dividend of 0.5 cents per share and a trust distribution of 5.3 cents per unit. The final dividend/distribution had a record date of 30 June 2023 and payable on 18 August 2023. The total amount payable of $46,388,000 (2022: $43,477,000) has been provided for as a liability in these financial statements.

### (a) Franking credits

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Amount of franking credits available to shareholders of the Company(i) | **21,173** | 9,447 |

(i) Before taking into account the impact of the final dividend payable on 18 August 2023

Of the franking credit balance of $21,173,000 at 30 June 2023, $16,169,000 relates to the Centuria Capital Limited tax consolidated group and $5,004,000 relates to the Centuria Healthcare tax consolidated group.

# C Assets and liabilities

## C1 Segment balance sheet

| As at 30 June 2023 | Notes | Property Funds Management $'000 | Co-Investments $'000 | Development $'000 | Property and development finance $'000 | Investment Bonds Management $'000 | Corporate $'000 | Operating balance sheet $'000 | Benefits Funds $'000 | Controlled Property Funds $'000 | Eliminations $'000 | Statutory balance sheet $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets | | | | | | | | | | | | |
| Cash and cash equivalents | D2 | 69,999 | 58,263 | 1,838 | - | 10,138 | 39,137 | **179,375** | 45,394 | 691 | - | **225,460** |
| Receivables | C2 | 86,227 | 11,445 | 23,750 | - | 826 | 7,027 | **129,275** | 3,699 | 39 | 265 | **133,278** |
| Income tax receivable | B6(b) | 337 | - | - | - | - | 4,651 | **4,988** | - | - | - | **4,988** |
| Financial assets | C3 | - | 672,363 | - | - | - | 41,887 | **714,250** | 233,009 | - | (7,526) | **939,733** |
| Other assets | | 233 | - | 24 | - | 47 | 12,410 | **12,714** | - | - | - | **12,714** |
| Inventory | C5 | - | 65,765 | 16,918 | - | - | - | **82,683** | - | 6,025 | - | **88,708** |
| Deferred tax assets | B6(c) | 8,637 | 294 | 4,386 | - | - | 12,492 | **25,809** | - | - | (17,172) | **8,637** |
| Equity accounted investments | E1 | - | 61,547 | 2,973 | 26,162 | - | - | **90,682** | - | - | - | **90,682** |
| Right of use asset | C10 | 10,810 | - | - | - | - | 21,780 | **32,590** | - | - | - | **32,590** |
| Intangible assets | C6 | 793,072 | - | - | - | - | - | **793,072** | - | - | - | **793,072** |
| **Total assets** | | **969,315** | **869,677** | **49,889** | **26,162** | **11,011** | **139,384** | **2,065,438** | **282,102** | **6,755** | **(24,433)** | **2,329,862** |
| Liabilities | | | | | | | | | | | | |
| Payables | C7 | 27,451 | 47,778 | 7,348 | - | 1,965 | 5,904 | **90,446** | 1,972 | - | - | **92,418** |
| Provisions | | 3,024 | - | - | - | - | 2,395 | **5,419** | - | - | - | **5,419** |
| Borrowings | C8 | - | 375,504 | - | - | - | 3,859 | **379,363** | - | - | (4,146) | **375,217** |
| Provision for income tax | B6(b) | - | - | - | - | - | - | **-** | 335 | - | 265 | **600** |
| Interest rate swap at fair value | | - | - | - | - | - | 19,339 | **19,339** | - | - | - | **19,339** |
| Benefit Funds policy holders' liability | | - | - | - | - | - | - | **-** | 278,793 | - | - | **278,793** |
| Deferred tax liability | B6(c) | 81,863 | - | - | - | 614 | - | **82,477** | 1,002 | - | (17,172) | **66,307** |
| Call/Put option liability | C9 | - | - | - | - | - | 38,255 | **38,255** | - | - | - | **38,255** |
| Lease liability | C10 | 10,949 | - | - | - | - | 24,776 | **35,725** | - | - | - | **35,725** |
| **Total liabilities** | | **123,287** | **423,282** | **7,348** | **-** | **2,579** | **94,528** | **651,024** | **282,102** | **-** | **(21,053)** | **912,073** |
| **Net assets** | | **846,028** | **446,395** | **42,541** | **26,162** | **8,432** | **44,856** | **1,414,414** | **-** | **6,755** | **(3,380)** | **1,417,789** |

## C1 Segment balance sheet (continued)

| As at 30 June 2022 | Notes | Property Funds Management $'000 | Co-Investments $'000 | Development $'000 | Property and Development Finance $'000 | Investment Bonds Management $'000 | Corporate $'000 | Operating balance sheet $'000 | Benefits Funds $'000 | Controlled Property Funds $'000 | Eliminations $'000 | Statutory balance sheet $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets | | | | | | | | | | | | |
| Cash and cash equivalents | D2 | 94,123 | 11,763 | 39,313 | - | 7,616 | 32,184 | **184,999** | 9,503 | 6,063 | - | **200,565** |
| Receivables | C2 | 72,451 | 14,034 | 10,250 | - | 388 | 8,818 | **105,941** | 4,187 | 3,359 | - | **113,487** |
| Income tax receivable | B6(b) | - | - | - | - | - | 3,549 | **3,549** | - | - | - | **3,549** |
| Financial assets | C3 | - | 726,579 | - | - | - | 38,008 | **764,587** | 257,328 | 31 | (60,254) | **961,692** |
| Other assets | | - | - | - | - | 63 | 9,909 | **9,972** | - | - | - | **9,972** |
| Investment properties | C4 | - | - | - | - | - | - | **-** | - | 337,500 | - | **337,500** |
| Inventory | C5 | - | 88,712 | 40,690 | - | - | - | **129,402** | - | 5,648 | (267) | **134,783** |
| Deferred tax assets** | B6(c) | 7,085 | 1,182 | 4,476 | - | 98 | 17,448 | **30,289** | 1,707 | - | (24,911) | **7,085** |
| Equity accounted investments | E1 | - | 49,117 | - | 25,765 | - | - | **74,882** | - | - | (113) | **74,769** |
| Right of use asset | C10 | - | - | - | - | - | 17,006 | **17,006** | - | - | - | **17,006** |
| Intangible assets | C6 | 791,521 | - | - | - | - | - | **791,521** | - | - | - | **791,521** |
| **Total assets*** | | **965,180** | **891,387** | **94,729** | **25,765** | **8,165** | **126,922** | **2,112,148** | **272,725** | **352,601** | **(85,545)** | **2,651,929** |
| Liabilities | | | | | | | | | | | | |
| Payables | C7 | 35,549 | 61,835 | 6,353 | - | 2,832 | 19,549 | **126,118** | 1,018 | 7,677 | (194) | **134,619** |
| Provisions | | 3,002 | - | - | - | - | 2,111 | **5,113** | - | - | - | **5,113** |
| Borrowings | C8 | - | 436,705 | - | - | - | 3,606 | **440,311** | - | 190,239 | (1,165) | **629,385** |
| Provision for income tax | B6(b) | 2,620 | - | - | - | - | 395 | **3,015** | 1,150 | - | - | **4,165** |
| Interest rate swap at fair value | | - | - | - | - | - | 18,750 | **18,750** | - | - | - | **18,750** |
| Benefit Funds policy holders' liability | | - | - | - | - | - | - | **-** | 270,557 | - | - | **270,557** |
| Deferred tax liability** | B6(c) | 77,512 | - | - | - | - | - | **77,512** | - | - | (24,911) | **52,601** |
| Call/Put option liability | C9 | - | - | - | - | - | 48,695 | **48,695** | - | - | 35,400 | **84,095** |
| Lease liability | C10 | - | - | - | - | - | 19,443 | **19,443** | - | - | - | **19,443** |
| **Total liabilities** | | **118,683** | **498,540** | **6,353** | **-** | **2,832** | **112,549** | **738,957** | **272,725** | **197,916** | **9,130** | **1,218,728** |
| **Net assets** | | **846,497** | **392,847** | **88,376** | **25,765** | **5,333** | **14,373** | **1,373,191** | **-** | **154,685** | **(94,675)** | **1,433,201** |

*See note C6 for details in relation to the prior period restatement within assets.
**Prior year numbers have been represented to reflect current year presentation.

## C2 Receivables

| | Notes | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| Receivables from related parties | C2(a) | **110,624** | 92,342 |
| Other receivables | | **21,498** | 21,047 |
| Contract assets - development | | **1,156** | 98 |
| | | **133,278** | 113,487 |

All receivables are current except for $36,500,000 (2022: $11,013,000) of performance fees receivable which are non-current. These are located in Note C2(a).

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

### (a) Receivables from related parties

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

| | 2023 $ | 2022 $ |
|---|---|---|
| Performance fees owing from property funds managed by Centuria | **60,381,343** | 35,863,456 |
| Development revenue from property funds managed by Centuria | **6,054,148** | 1,497,692 |
| Recoverable expenses owing from property funds managed by Centuria | **21,045,276** | 15,328,214 |
| Management fees owing from property funds managed by Centuria | **13,352,737** | 26,216,186 |
| Distribution receivable from Centuria Industrial REIT | **4,045,118** | 4,373,677 |
| Distribution receivable from Centuria Office REIT | **3,211,042** | 3,780,375 |
| Deposits receivable from property funds managed by Centuria | **1,314,069** | 3,757,900 |
| Distribution receivable from unlisted property funds managed by Centuria | **1,220,648** | 1,238,847 |
| Sales fees owing from property funds managed by Centuria | **-** | 286,032 |
| | **110,624,381** | 92,342,379 |

The ageing of receivables from the related parties of the Group at the reporting date was as follows:

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Not due | **97,433** | 79,108 |
| 1 to 30 Days | **4,862** | 9,089 |
| 31 to 60 Days | **4,062** | 1,652 |
| >60 days overdue | **4,267** | 2,493 |
| | **110,624** | 92,342 |

As at 30 June 2023, the Group had $13,191,000 receivables from related parties (2022: $13,234,000) past due but not impaired.

Collectability of the receivables from related parties is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in the year in which they are identified. A provision for expected credit losses is processed based on historical default percentages and current observable data including forecasts of economic conditions. The amount of the provision is the difference between the carrying amount and estimated future cash flows.

**Recognition and measurement**

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

***i*** *Contract assets - development*

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

## C3 Financial assets

| | Notes | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| Investment in related party unit trusts at fair value | C3(a) | **637,537** | 608,729 |
| Investments in trusts, shares and other financial instruments at fair value | | **215,149** | 242,834 |
| Loans receivable from related parties (i) | C3(b) | **45,160** | 70,045 |
| Reverse mortgage receivables (ii) | | **41,887** | 40,084 |
| | | **939,733** | 961,692 |

Financial assets are classified as non-current assets as the Group is not intending to dispose of financial assets within the next twelve months.

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

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

## C3 Financial assets (continued)

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

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

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| **Financial assets held by the Group** | **Fair value $** | **Units held** | **Ownership** | **Fair value $** | **Units held** | **Ownership** |
| Centuria Industrial REIT | **313,393,790** | **101,094,771** | **15.92%** | 284,076,307 | 101,094,771 | 15.92% |
| Centuria Office REIT | **124,797,913** | **91,093,367** | **15.25%** | 154,858,724 | 91,093,367 | 15.25% |
| Centuria NZ Industrial Fund | **35,813,852** | **25,015,037** | **10.00%** | 39,932,013 | 25,015,037 | 10.00% |
| Centuria Healthcare Direct Medical Fund No.2 | **23,423,708** | **18,673,473** | **12.04%** | 25,483,689 | 18,673,473 | 12.04% |
| Prime Healthcare Holding Trust | **22,347,535** | **22,392,320** | **10.00%** | 21,500,000 | 21,500,000 | 10.00% |
| Asset Plus Limited | **17,627,919** | **72,507,288** | **19.99%** | 17,329,033 | 72,507,288 | 19.99% |
| Centuria NZ Property Fund | **16,922,848** | **19,986,894** | **19.98%** | 5,224,905 | 5,000,000 | 6.27% |
| Matrix Trust | **13,435,129** | **12,803,849** | **5.00%** | 11,092,900 | 9,313,938 | 5.00% |
| Centuria 111 St Georges Terrace Fund | **13,155,329** | **3,485,539** | **18.06%** | - | - | 0% |
| Dragon Hold Trust | **13,135,312** | **969,622,257** | **10.00%** | 9,696,223 | 969,622,257 | 10.00% |
| Centuria NZ Healthcare Property Fund | **6,524,916** | **8,780,442** | **12.43%** | 4,997,192 | 5,734,989 | 13.15% |
| Pialba Place Trust | **3,660,653** | **5,129,345** | **23.32%** | 4,375,331 | 5,129,345 | 23.32% |
| Centuria Wholesale Agricultural Trust No. 2[(i)] | **4,659,877** | **4,324,000** | **12.64%** | 6,775,000 | 6,775,000 | 19.81% |
| Centuria Penrose Limited | **3,792,925** | **4,445,471** | **3.74%** | - | - | 0% |
| Centuria Industrial Income Fund No.2 | **3,563,945** | **3,563,945** | **15.88%** | - | - | 0% |
| Centuria Healthcare Aged Care Property Fund No.1 | **3,599,019** | **5,513,559** | **9.21%** | 2,954,165 | 5,513,559 | 9.21% |
| Centuria Government Income Property Fund | **662,845** | **643,539** | **0.48%** | 643,539 | 643,539 | 0.64% |
| Centuria ATP Fund | **226,864** | **104,545** | **0.17%** | - | - | 0% |
| 251 St Georges Terrace Trust | **116,000** | **100,000** | **0.26%** | 101,300 | 100,000 | 0.26% |
| Centuria 25 Grenfell Street Fund | **42,811** | **40,010** | **0.08%** | 40,010 | 40,010 | 0.08% |
| Centuria Large Format Retail Trust No. 2[(ii)] | **-** | **-** | **0%** | 3,407,301 | 3,097,546 | 7.29% |
| | **620,903,190** | | | 592,487,632 | | |
| **Financial assets held by the Benefit Funds** | | | | | | |
| Centuria Office REIT | **9,269,857** | **6,766,319** | **1.13%** | 11,502,742 | 6,766,319 | 1.32% |
| Centuria Industrial REIT | **3,968,992** | **1,280,320** | **0.20%** | 3,597,699 | 1,280,320 | 0.25% |
| Centuria Bass First Mortgage Fund No. 2 | **1,250,000** | **1,250,000** | **6.59%** | - | - | 0% |
| Centuria Bass First Mortgage Fund No. 3 | **1,076,923** | **1,076,923** | **8.47%** | - | - | 0% |
| Centuria SOP Fund | **1,068,100** | **1,000,000** | **3.28%** | 1,140,900 | 1,000,000 | 3.28% |
| | **16,633,872** | | | 16,241,341 | | |
| | **637,537,062** | | | 608,728,973 | | |

[(i)] The fund was previously known as Primewest Agriculture No. 2 Fund
[(ii)] The fund was previously known as Primewest Large Format Retail Trust No. 2

## C3 Financial assets (continued)

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

| Related party unit trusts carried at fair value through profit and loss | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Opening balance | **608,729** | 664,304 |
| Investment purchases | **63,736** | 160,789 |
| Disposals | **(61,966)** | (80,478) |
| Foreign currency translation | **2,085** | (2,448) |
| Mark to market movement | **(6,044)** | (146,692) |
| Carrying value transferred from equity accounted investments | **30,997** | 13,254 |
| | **637,537** | 608,729 |

### (b) Loans receivable from related parties

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

| | 2023 $ | 2022 $ |
|---|---|---|
| Centuria NZ Healthcare Property Fund | **45,160** | 70,045 |

Movement during the period as follows:

| | 2023 $ | 2022 $ |
|---|---|---|
| Opening balance | **70,045** | - |
| Drawdowns | **-** | 84,185 |
| Repayments | **(24,618)** | (13,345) |
| Provision | **(1,275)** | - |
| Foreign currency translation | **1,008** | (795) |
| | **45,160** | 70,045 |

$45,159,732 of the loan receivable from Centuria NZ Healthcare Property Fund (CNZHPF) accrues interest at 4.75% per annum and does not have a maturity date and therefore is considered non-current.

As of 30 June 2023, the Group assessed the recoverability of the loan receivable from CNZHPF and recognised $1,275,000 loss allowance against the asset. Refer to note F2(d) for details.

**Recognition and measurement**

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

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

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

AASB 9 contains three principal classification categories for financial assets:

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

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

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

*(i) Financial assets at amortised cost*

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

## C3 Financial assets (continued)

**Recognition and measurement (continued)**

*(ii) Recoverability of loans and receivables*

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

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

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

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

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

*(iii) Financial assets at FVTPL*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or 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 reverse mortgage loan receivables, reverse mortgage derivatives and investments in trusts.

## C4 Investment properties

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| 264 Copelands Rd, Warragul VIC | **-** | 177,000 |
| 111 St George Terrace, Perth WA | **-** | 160,500 |
| | **-** | 337,500 |

Investment properties are classified as non-current.

The Group ceased to have control over Centuria 111 St Georges Terrace Fund and Centuria Agriculture Fund during the period. As a result, the Group deconsolidated the funds in the current period.

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Opening balance | **337,500** | 208,140 |
| Capital improvements and associated costs | **-** | 385 |
| Gain on fair value | **-** | 2,251 |
| Change in deferred rent and lease incentives | **-** | (1,136) |
| Deconsolidation of controlled property funds | **(337,500)** | (49,140) |
| Acquisition of subsidiary | **-** | 177,000 |
| **Closing balance** | **-** | 337,500 |

## C5 Inventory

| | Note | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| Property held for development | C5(a) | **43,949** | 45,679 |
| Properties held for sale | C5(b) | **44,759** | 89,104 |
| | | **88,708** | 134,783 |

Property held for sale are classified as current.

Property held for development are classified as non-current.

### (a) Property held for development

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| 1 & 1a Macmurray Road 4, 6, 10 and 10a Robert Hall Avenue, Remuera, Auckland | **21,151** | - |
| 17-19 Man Street, Queenstown, New Zealand | **15,314** | 14,447 |
| 741 Cudgen Road, Cudgen, Australia | **6,025** | 5,648 |
| 27-29 Young St, West Gosford, Australia | **1,459** | 1,410 |
| 54 Cook Street, Auckland, New Zealand | **-** | 24,174 |
| | **43,949** | 45,679 |

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Opening balance | **45,679** | 53,744 |
| Acquisitions | **20,246** | 11,025 |
| Reversal of impairment/(impairment) | **2,882** | (3,989) |
| Foreign currency translation | **2,027** | (1,429) |
| Capital expenditure | **3,318** | 16,390 |
| Disposals | **(30,203)** | (30,062) |
| | **43,949** | 45,679 |

On 7 October 2022, the Group acquired the Macmurray Road residential property for NZ$22,598,000 (AU$20,246,000).

During the year, 54 Cook Street reversed a previous impairment up to the sale price of the property. On 10 May 2023, the Group settled 54 Cook Street, Auckland for NZ$32,250,000 (AU$30,203,000).

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

## C5 Inventory (continued)

### (b) Properties held for sale

On 31 March 2022, the Group acquired 12 healthcare properties from Heritage Lifecare for NZ$98,700,000. On 14 June 2023, the Group settled on the sale of 4 properties to Centuria NZ Property Fund (CNZPF) for NZ$34,134,000. The properties were settled by cash consideration of NZ$19,200,000 and 14,800,000 units in CNZPF were issued to the Group.

In June 2023, the Group entered into an unconditional sale agreement with a third party to sell the Hodgson House Lifecare asset for NZ$6,920,000 and is expected to settle in September 2023.

As at 30 June 2023, the properties were impaired to NZ$48,700,000.

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| 10 Danvers Street, Hastings (Waiapu Lifecare) | **10,659** | 11,382 |
| 202 - 204 Kamo Road, Whangarei (Puriri Court Lifecare) | **9,924** | 10,707 |
| 69 Moehau Street, Te Puke (Carter House Lifecare) | **8,086** | 8,603 |
| 50 McLauchlan Street, Blenheim (Waterlea Lifecare) | **5,789** | 6,176 |
| 117 Shakespeare Street, West Coast (Granger House Lifecare) | **5,743** | 6,088 |
| 1 Cargill Street, Invercargill (Cargill Lifecare) | **2,940** | 3,045 |
| 15 Karina Terrace, Palmerston (Karina Lifecare) | **1,608** | 1,676 |
| 16 Anvers Place, Christchurch (Hoon Hay Rest Home) | **-** | 12,794 |
| 1 Hennessy Place, Christchurch (George Manning) | **-** | 12,485 |
| 51 Botanical Road, Tauranga (Hodgson House Lifecare) | **-** | 7,633 |
| 361 Mangorei Road, New Plymouth (Riverside Lifecare) | **-** | 6,397 |
| 124 Maxwell Road, Marlborough (Maxwell Lifecare) | **-** | 2,118 |
| | **44,759** | 89,104 |

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Opening balance | **89,104** | - |
| Acquisitions | **-** | 91,366 |
| Additions | **148** | - |
| Disposals | **(37,408)** | - |
| Impairment | **(8,512)** | - |
| Foreign currency translation | **1,427** | (2,262) |
| | **44,759** | 89,104 |

**Recognition and measurement**

Properties held for sale are carried at the lower of cost or net realisable value. The calculation of net realisable value requires estimates and assumptions which are regularly evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Properties held for sale are classified as current assets.

## C6 Intangible assets

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Goodwill* | **484,456** | 483,269 |
| Indefinite life management rights | **308,616** | 308,252 |
| | **793,072** | 791,521 |

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Opening balance | **791,521** | 790,551 |
| Foreign currency translation | **1,551** | (2,574) |
| Purchase price accounting adjustments* | **-** | 3,544 |
| | **793,072** | 791,521 |

Goodwill and intangible assets are classified as non-current.

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

*The prior period Goodwill has been amended to reflect purchase price adjustments of $3,300,000 that had been recorded as a tax receivable and should have been recorded as part of the purchase price consideration. The tax receivable as at 30 June 2022 had a corresponding impact decreasing by $3,300,000.

**Recognition and measurement**

***i*** *Indefinite life management rights*

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

***ii*** *Goodwill*

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

***iii*** *Impairment*

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

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

**Key estimates and judgements**

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

**Revenue**

Revenues from 2024-2028 are assumed to increase at an average rate of 4.5% (2022: 5.8%) per annum. The directors believe this is a prudent and achievable growth rate based on past experience.

**Expenses**

Expenses from 2024-2028 are assumed to increase at an average rate of 5.3% (2022: 6.4%) per annum. The directors believe this is an appropriate growth rate based on past experience.

**Discount rate**

Discount rates are determined to calculate the present value of future cash flows. A pre-tax rate of 10.0% (2022: 11.8%) is applied to cash flow projections. In determining the appropriate discount rate, regard has been given to relevant market data as well as Group specific inputs.

## C6 Intangible assets (continued)

**Terminal growth rate**

Beyond 2028, a growth rate of 3.0% (2022: 3.0%), in line with long term economic growth, has been applied to determine the terminal value of the asset.

**Sensitivity to changes in assumptions**

As at 30 June 2023, the estimated recoverable amount of intangibles including goodwill relating to the Property Funds Management cash-generating unit exceeded its carrying amount by $397,800,000 (2022: $324,500,000). The table below shows the key assumptions used in the value in use calculation and the amount by which each key assumption must change in isolation in order for the estimated recoverable amount to be equal to its carrying value.

| | **Revenue growth rate** | **Pre-tax discount rate** | **Expenses growth rate** |
|---|---|---|---|
| Assumptions used in value-in-use calculation | **4.48%** | **10.01%** | **5.32%** |
| Rate required for recoverable amount to equal carrying value | **2.12%** | **13.37%** | **12.29%** |

## C7 Payables

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Sundry creditors [(i)] | **26,954** | 63,825 |
| Dividend/distribution payable | **46,388** | 43,477 |
| Accrued expenses | **19,076** | 27,317 |
| | **92,418** | 134,619 |

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

All trade and other payables are considered to be current as at 30 June 2023 due to their short-term nature.

**Recognition and measurement**

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

Dividend and distribution payable is made for the amount of any dividend/distribution the Group has declared, on or before the end of the reporting period but not distributed at the end of the reporting period.

## C8 Borrowings

| | Notes | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| Secured listed redeemable notes | C8(a) | **195,693** | 198,693 |
| Fixed rate secured notes | C8(b) | **99,407** | 99,388 |
| Floating rate secured notes | C8(b) | **80,000** | 96,650 |
| Reverse mortgage bill facilities and notes | C8(c) | **3,870** | 4,600 |
| Secured bank loans - New Zealand | C8(d) | **-** | 44,417 |
| Secured bank loans in Controlled Property Funds | C8(e) | **-** | 190,239 |
| Borrowing costs capitalised | | **(3,753)** | (4,602) |
| | | **375,217** | 629,385 |

| | 2023 $ | 2022 $ |
|---|---|---|
| Opening balance | **629,385,202** | 426,641,285 |
| Drawdowns | **96,650,000** | 192,654,151 |
| Repayments | **(159,774,068)** | (72,904,023) |
| Foreign currency translation | **1,326,514** | (1,089,002) |
| Capitalised borrowing costs | **(1,068,957)** | (1,839,797) |
| Amortisation of borrowing costs | **1,918,570** | 2,134,088 |
| Adjustment for benefit funds investment | **(2,981,066)** | (22,763) |
| Net movement in controlled property funds | **(190,239,276)** | 83,811,263 |
| | **375,216,919** | 629,385,202 |

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.

On 24 February 2023, the Centuria Benefit Funds invested $3,000,000 into the listed redeemable notes.

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

### (b) Secured notes

| Fixed | Classification | Coupon Rate | Due Date | Total limit $'000 | Facility available $'000 | 2023 $'000 | 2022 $'000 |
|---|---|---|---|---|---|---|---|
| Tranche 5 | Current | 5.00% | 21 April 2024 | 29,407 | - | **29,407** | 29,388 |
| Tranche 7 | Non-current | 5.46% | 25 March 2025 | 70,000 | - | **70,000** | 70,000 |
| | | | | **99,407** | - | **99,407** | 99,388 |

| Floating | Classification | Coupon Rate | Due Date | Total limit $'000 | Facility available $'000 | 2023 $'000 | 2022 $'000 |
|---|---|---|---|---|---|---|---|
| Tranche 4 | Not applicable | BBSW +4.25% | 21 April 2023 | - | - | **-** | 35,000 |
| Tranche 6 | Not applicable | BBSW +4.50% | 21 April 2024 | - | - | **-** | 31,650 |
| Tranche 8 | Non-current | BBSW +3.35% | 25 March 2025 | 30,000 | - | **30,000** | 30,000 |
| Revolver A | Non-current | BBSY +2.25% | 16 December 2024 | 100,000 | 100,000 | **-** | - |
| Revolver B | Non-current | BBSY +2.45% | 30 June 2027 | 50,000 | 50,000 | **-** | - |
| Term Loan | Non-current | BBSY +2.60% | 6 April 2028 | 50,000 | - | **50,000** | - |
| | | | | **230,000** | **150,000** | **80,000** | 96,650 |

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

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

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

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

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

## C8 Borrowings (continued)

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

As at 30 June 2023, the Group had $3,870,000 (2022: $4,600,000) non-recourse notes on issue to ANZ Bank, secured over the remaining reverse mortgages held in Senex Warehouse Trust No.1 (a subsidiary of the Group) due to mature on 30 November 2024 and is classified as non-current as at 30 June 2023. The non-recourse notes have a coupon rate of BBSY+2.35%.

The facility limit as at 30 June 2023 is $4,700,000 (2022: $5,500,000) and is reassessed every 6 months with a view to reducing the facility in line with the reduction in the reverse mortgage book. Under the facility agreement, surplus funds (being mortgages repaid (including interest) less taxes, administration expenses and any derivatives related payments) are required to be applied against the facility each month.

| | **2023**<br>**$'000** | 2022<br>$'000 |
|---|---|---|
| Facility | **4,700** | 5,500 |
| Amount used at reporting date | **(3,870)** | (4,600) |
| Amount unused at reporting date | **830** | 900 |

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

There are no secured bank loans for New Zealand as of 30 June 2023.

On 13 June 2023, the Group cancelled the New Zealand Investment Facility.

On 14 June 2023, the Group fully repaid the New Zealand Asset Facility and on 15 June 2023, subsequently cancelled the facility.

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

The Group ceased to have control over Centuria 111 St Georges Terrace Fund and Centuria Agriculture Fund during the year. As a result, the Group deconsolidated the funds. There were no bank loans from controlled property funds as at 30 June 2023.

### Recognition and measurement

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

## C9 Call/Put option liability

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| Healthcare call/put option | **38,255** | 48,695 |
| Flavorite call/put option | **-** | 35,400 |
| | **38,255** | 84,095 |

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| Opening balance | **84,095** | 22,690 |
| Movement | **(10,440)** | 26,005 |
| New call/put option entered | **-** | 35,400 |
| Call/put option exercised | **(35,400)** | - |
| | **38,255** | 84,095 |

The Healthcare call/put option is considered non-current as at 30 June 2023.

The Healthcare Call/Put option liability relates to a simultaneous call option and put option over the remaining shares in Centuria Healthcare which are held by existing management shareholders of Centuria Healthcare. The call option is in favour of the Group, whilst the put option is in favour of the management shareholders. The options are exercisable five years from the date of completion of the current 59% economic interest in Centuria Healthcare, with an exercise price equal to 10x EBIT for the last financial year prior to exercise of the option plus Net Tangible Assets.

**Recognition and measurement**

The option liabilities are measured at net present value at recognition (including transaction costs, for assets and liabilities not measured at fair value through profit or loss). Subsequently at each reporting period, for changes in the expected exercise price and time value impacts, the Group recognises the movement in the profit and loss.

## C10 Right of use asset/Lease liability

The Group has eight lease commitments outlined below:

| Lease | Original term | Extension option | Fixed annual rent increase |
|---|---|---|---|
| Level 41 Chifley Square, Sydney NSW | 10 years | 5 years | 4.0% |
| Level 47, 101 Collins Street, Melbourne VIC | 5 years | 5 years | 3.25% |
| Level 2, 348 Edward Street, Brisbane QLD | 5 years | - | 3.5% |
| Level 27, 140 St Georges Terrace, Perth WA | 7 years | 5 years | 3.25% |
| 38-35 Gaunt Street, Auckland NZ | 8 years | - | 2.5% |
| Suite 7.01, 9 Help Street, Chatswood NSW | 8 years | - | 3.75% |
| Level 7 & Part Level 8, 154 Melbourne Street, South Brisbane, QLD | 7 years | - | 3.25% |
| 331-335 Devon Street East, New Plymouth NZ | 3 years | 3 years | CPI |

The current right of use asset is $4,988,000 (2022: $2,686,000) and the current lease liability is $3,972,000 (2022: $2,298,000). The remaining right of use asset and lease liability is classified as non-current.

| Right of use asset | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Opening balance | **17,006** | 19,947 |
| Additions of new leases | **20,213** | - |
| Derecognition | **(953)** | - |
| Depreciation on right of use asset | **(3,676)** | (2,941) |
| | **32,590** | 17,006 |

| Lease liability | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Opening balance | **19,443** | 21,757 |
| Additions | **20,213** | - |
| Cash lease payments | **(4,431)** | (3,350) |
| Lease interest | **1,613** | 1,036 |
| Derecognition | **(1,113)** | - |
| | **35,725** | 19,443 |

## C11 Contributed equity

| Centuria Capital Limited | 2023 No. of securities | 2023 $'000 | 2022 No. of securities | 2022 $'000 |
|---|---|---|---|---|
| Balance at beginning of the period | **792,787,120** | **389,717** | 787,802,693 | 386,634 |
| Stapled securities issued | **6,309,299** | **2,125** | 2,617,009 | 2,039 |
| Equity settled share based payments expense | **700,375** | **2,970** | 2,367,418 | 981 |
| Change in value of units issued | **-** | **-** | - | 236 |
| Cost of equity raising | **-** | **(1)** | - | (173) |
| Balance at end of period | **799,796,794** | **394,811** | 792,787,120 | 389,717 |

| Centuria Capital Fund (non-controlling interests) | 2023 No. of securities | 2023 $'000 | 2022 No. of securities | 2022 $'000 |
|---|---|---|---|---|
| Balance at beginning of the period | **792,787,120** | **1,025,584** | 787,802,693 | 1,018,822 |
| Stapled securities issued | **6,309,299** | **9,201** | 2,617,009 | 6,636 |
| Equity settled share based payments expense | **700,375** | **-** | 2,367,418 | - |
| Cost of equity raising | **-** | **(6)** | - | (344) |
| Change in value of units issued | **-** | **-** | - | 470 |
| Balance at end of the period | **799,796,794** | **1,034,779** | 792,787,120 | 1,025,584 |

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

The Group issued 117,970 stapled securities on 1 July 2022 in relation to the employee incentive scheme.

The Group issued 2,792,516 stapled securities on 11 August 2022 in relation to the distribution reinvestment plan undertaken for the 2022 final distribution.

The Group issued 3,398,813 stapled securities on 9 February 2023 in relation to the distribution reinvestment plan undertaken for the 2023 interim distribution.

**Recognition and measurement**

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

## C12 Commitments and contingencies

**Australian Guarantees**

The Group has provided bank guarantees of $2,007,143 (30 June 2022: $3,334,153) for commercial leases with respect to its Sydney and Melbourne office premises. These bank guarantees are cash collateralised.

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

**New Zealand Guarantees**

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

**Capital Commitments**

At 30 June 2023, the Company has committed up to a further NZ$11,000,000 of capital over approximately the next 8 years in its joint venture partnership with Ninety Four Feet.

**Contingent Liabilities**

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

# D Cash flows

## D1 Operating segment cash flows (i)

**For the year ended 30 June 2023**

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Management fees received | **192,277** | 204,593 |
| Performance fees received | **143** | 20,829 |
| Distributions received | **46,582** | 48,791 |
| Interest received | **6,967** | 4,862 |
| Cash received on development projects | **3,498** | 48,511 |
| Rent received | **5,711** | 1,951 |
| Payments to suppliers and employees | **(127,790)** | (109,016) |
| Income tax paid | **(12,169)** | (18,727) |
| Interest paid | **(31,855)** | (19,727) |
| **Net cash provided by operating activities** | **83,364** | 182,067 |
| **Cash flows from investing activities** | | |
| Proceeds from sale of related party investments | **52,364** | 77,299 |
| Purchase of investments in related parties | **(52,410)** | (198,790) |
| Repayment of loans by related parties | **27,507** | 20,216 |
| Loans to related parties | **-** | (94,255) |
| Purchase of equity accounted investments | **(49,036)** | (20,537) |
| Loans repaid by other parties | **31,313** | - |
| Payments for plant and equipment | **(2,314)** | (2,697) |
| Payments of balances held in trust for related parties | **(14,802)** | - |
| Purchase of subsidiaries | **-** | (89,070) |
| Sale of property held for development | **29,049** | 12,086 |
| Collections from reverse mortgage holders | **2,521** | 2,551 |
| Proceeds from investments | **31,708** | 4,737 |
| Loans provided to other parties | **(39,734)** | - |
| Proceeds from sale of equity accounted investments | **65,402** | 8,324 |
| Purchase of properties held for development | **(20,246)** | - |
| **Net cash provided by/(used in) investing activities** | **61,322** | (280,136) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of securities | **8,884** | 8,300 |
| Equity raising costs paid | **(7)** | (328) |
| Proceeds from borrowings | **96,650** | 142,353 |
| Repayment of borrowings | **(159,749)** | (23,395) |
| Costs paid to issue debt | **(1,094)** | (1,900) |
| Distributions paid | **(93,483)** | (90,524) |
| **Net cash (used in)/provided by financing activities** | **(148,799)** | 34,506 |
| **Net (decrease) in operating cash and cash equivalents** | **(4,113)** | (63,563) |
| Cash and cash equivalents at the beginning of the period | **184,999** | 249,637 |
| Effects of exchange rate changes on cash and cash equivalents | **(1,511)** | (1,075) |
| **Cash and cash equivalents at the end of the period** | **179,375** | 184,999 |

(i) The operating segment cash flows support the segment note disclosures of the Group and provide details in relation to the operating segment cash flows performance of the Group. The operating segment cash flows exclude the impact of cash flows attributable to Benefit Funds and Controlled Property Funds.

The statutory cash flow movements for the Group per page 50 are as follows:

- Net cash provided by operating activities $113,682,000
- Net cash provided by investing activities $61,153,000
- Net cash used in financing activities $148,428,000

## D2 Cash and cash equivalents

Included in total cash and cash equivalents of $225,460,000 (2022: $200,565,000) is $46,738,000 (2022: $10,513,039) relating to amounts held by Senex Warehouse Trust No.1 and the Benefit Funds which is not readily available for use by the Group.

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

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Profit for the year | **105,932** | (37,361) |
| **Adjustments for:** | | |
| Depreciation and amortisation | **5,596** | 4,179 |
| Non-cash development income | **(4,556)** | (1,498) |
| Share-based payment expense | **6,311** | 5,010 |
| Amortisation of borrowing costs | **1,919** | 2,195 |
| Non-cash performance and sales fees | **(28,556)** | (14,015) |
| Mark to market movement of financial assets | **(12,424)** | 186,643 |
| Interest revenue from reverse mortgages | **(3,733)** | (2,746) |
| Interest expense reverse mortgage facility | **1,510** | 1,966 |
| Equity accounted profit in excess of distribution paid | **3,804** | 612 |
| Unrealised foreign exchange loss | **2,523** | 3,558 |
| Unrealised (gain)/loss on investment properties | **5,496** | 3,741 |
| Amortisation of lease incentives | **-** | 1,789 |
| Costs paid for debt issuance | **1,094** | 1,901 |
| Loss allowance for loans receivable | **1,275** | 28 |
| Lease interest | **1,613** | 1,036 |
| **Changes in net assets and liabilities:** | | |
| **(Increase)/decrease in assets:** | | |
| Receivables | **13,654** | 25,095 |
| Deferred tax assets | **41,440** | (2,205) |
| **Increase/(decrease) in liabilities:** | | |
| Other payables | **(411)** | 38,653 |
| Tax provision | **(8,140)** | 3,240 |
| Deferred tax liability | **(29,239)** | (18,179) |
| Provisions | **338** | 1,051 |
| Policyholder liability | **8,236** | (33,092) |
| **Net cash flows provided by operating activities** | **113,682** | 171,601 |

**Recognition and measurement**

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

# E Group Structure

## E1 Interests in associates and joint ventures

Set out below are the associates of the Group as at 30 June 2023 which, in the opinion of the directors, were material to the Group 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 Group. The proportion of ownership interest is the same as the proportion of voting rights held.

| Name of entity | % of ownership interest | | Principal activity | Carrying amount | |
|---|---|---|---|---|---|
| | **30 June 2023 %** | 30 June 2022 % | | **30 June 2023 $'000** | 30 June 2022 $'000 |
| Centuria Diversified Property Fund | **21.54** | 22.38 | Property investment | **35,860** | 39,021 |
| Centuria Bass Credit | **50.00** | 50.00 | Non-bank finance | **26,162** | 25,765 |
| Allendale Square Fund | **25.91** | 0.00 | Property investment | **18,426** | - |
| Centuria Government Income Property Fund No.2 | **21.59** | 22.03 | Property investment | **7,261** | 7,743 |
| QT Lakeview Developments Limited | **25.00** | 25.00 | Property investment | **2,973** | 2,240 |
| **Total equity accounted investments** | | | | **90,682** | 74,769 |

Equity accounted investments are classified as non-current.

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

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

In November 2022, the Group acquired 36.11% ownership stake in the Allendale Sqaure Fund. From that date, the Group has equity accounted its interest in that fund. The ownership stake decreased to 25.91% as at 30 June 2023.

**Recognition and measurement**

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

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of the associates and joint ventures, until the date on which significant influence or joint control ceases.

## E1 Interests in associates and joint ventures (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 Bass Credit $'000 | Allendale Street Fund $'000 | Centuria Government Income Property Fund No. 2 $'000 | QT Lakeview Developments Limited $'000 | Centuria Industrial Income Fund No. 2 $'000 | Centuria 111 St Georges Terrace $'000 | Centuria Agriculture Fund $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Carrying amounts of equity accounted investments** | | | | | | | | | |
| Opening balance as at 1 July 2022 | 39,021 | 25,765 | - | 7,743 | 2,240 | - | - | - | 74,769 |
| Acquisition of investments | - | - | 31,638 | - | 807 | 10,929 | - | 5,662 | 49,036 |
| Carrying value transferred from controlled property funds | - | - | - | - | - | - | 31,754 | 35,400 | 67,154 |
| Share of net profit/(loss) after tax | (200) | 4,607 | 1,227 | 71 | - | (815) | 190 | (799) | 4,281 |
| Distributions received/receivable | (1,961) | (4,210) | (926) | (403) | - | (148) | (15) | (422) | (8,085) |
| Carrying value transferred from/(to) financial assets | - | - | - | - | - | (4,802) | (12,394) | (13,801) | (30,997) |
| Disposals | (1,000) | - | (13,513) | (150) | - | (5,164) | (19,535) | (26,040) | (65,402) |
| Foreign exchange translation | - | - | - | - | (74) | - | - | - | (74) |
| **Closing balance as at 30 June 2023** | 35,860 | 26,162 | 18,426 | 7,261 | 2,973 | - | - | - | 90,682 |

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

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

| | Centuria Diversified Property Fund - Stapled[(i)] $'000 | Centuria Diversified Property Fund - Pre Stapled[(i)] $'000 | Primewest Property Income Fund $'000 | Centuria Bass Credit $'000 | Centuria Government Income Property Fund No. 2 $'000 | QT Lakeview Developments Limited $'000 | Centuria Wholesale Agricultural Trust No. 2[(ii)] $'000 | Centuria New Zealand Property Fund $'000 | Centuria New Zealand Healthcare Property Fund $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Carrying amounts of equity accounted investments** | | | | | | | | | | |
| Opening balance as at 1 July 2021 | - | 28,144 | - | 25,704 | - | 1,789 | - | - | - | 55,637 |
| Acquisition of investments | - | - | - | - | 12,424 | 405 | 10,325 | - | 5,227 | 28,381 |
| Carrying value transferred from controlled property funds | - | - | 12,827 | - | - | - | - | 15,080 | - | 27,907 |
| Share of net profit/(loss) after tax | (565) | 1,539 | 1,007 | 2,911 | 429 | - | 1,780 | - | - | 7,101 |
| Distributions received/receivable | (175) | (3,421) | (403) | (2,850) | (336) | - | (528) | - | - | (7,713) |
| Carrying value transferred from/(to) financial assets | - | - | - | - | - | - | (8,027) | (15,080) | (5,227) | (28,334) |
| Disposals | - | - | - | - | (4,774) | - | (3,550) | - | - | (8,324) |
| Fair value gain/(loss) | - | (94) | 162 | - | - | 46 | - | - | - | 114 |
| Stapling of CDPF and PPIF[(i)] | 39,761 | (26,168) | (13,593) | - | - | - | - | - | - | - |
| Closing balance as at 30 June 2022 | 39,021 | - | - | 25,765 | 7,743 | 2,240 | - | - | - | 74,769 |

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

(ii) The fund was previously known as Primewest Agriculture No. 2 Fund

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

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

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

| Summarised balance sheet | Centuria Diversified Property Fund (i) 30 June 2023 $'000 | Centuria Diversified Property Fund (i) 30 June 2022 $'000 | Centuria Bass Credit 30 June 2023 $'000 | Centuria Bass Credit 30 June 2022 $'000 | Centuria Government Income Property Fund No. 2 30 June 2023 $'000 | Centuria Government Income Property Fund No. 2 30 June 2022 $'000 | QT Lakeview Developments Limited 30 June 2023 $'000 | QT Lakeview Developments Limited 30 June 2022 $'000 | Allendale Square Fund 30 June 2023 $'000 | Allendale Square Fund 30 June 2022 $'000 | Total 30 June 2023 $'000 | Total 30 June 2022 $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash and other cash equivalents | **4,898** | 10,121 | **7,646** | 17,046 | **538** | 1,557 | **-** | - | **13,753** | - | **26,835** | 28,724 |
| Other current assets | **4,171** | 12,086 | **38,079** | 9,012 | **1,944** | 1,958 | **-** | - | **1,177** | - | **45,371** | 23,056 |
| **Total current assets** | **9,069** | 22,207 | **45,725** | 26,058 | **2,482** | 3,515 | **-** | - | **14,930** | - | **72,206** | 51,780 |
| Non-current assets | **231,182** | 244,914 | **620,762** | 256,889 | **61,821** | 62,814 | **11,890** | 8,190 | **122,599** | - | **1,048,254** | 572,807 |
| **Total non-current assets** | **231,182** | 224,914 | **620,762** | 256,889 | **61,821** | 62,184 | **11,890** | 8,190 | **122,599** | - | **1,048,254** | 572,807 |
| Current liabilities | **4,251** | 8,196 | **41,865** | 10,439 | **448** | 973 | **-** | - | **13,451** | - | **60,015** | 19,608 |
| **Total current liabilities** | **4,251** | 8,196 | **41,865** | 10,439 | **448** | 973 | **-** | - | **13,451** | - | **60,015** | 19,608 |
| Non-current liabilities | **86,530** | 99,237 | **620,069** | 266,923 | **30,634** | 30,585 | **-** | - | **52,963** | - | **790,196** | 396,745 |
| **Total non-current liabilities** | **86,530** | 99,237 | **620,069** | 266,923 | **30,634** | 30,585 | **-** | - | **52,963** | - | **790,196** | 396,745 |
| **Net tangible assets** | **149,470** | 159,688 | **4,553** | 5,585 | **33,221** | 34,771 | **11,890** | 8,190 | **71,115** | - | **270,250** | 208,234 |
| **Group's share in %** | **21.54%** | 22.38% | **50.00%** | 50.00% | **21.59%** | 22.03% | **25.00%** | 25.00% | **25.91%** | - | | |
| Group's share | **32,196** | 35,738 | **2,277** | 2,797 | **7,172** | 7,658 | **2,973** | 2,047 | **18,426** | - | | |
| Goodwill | **3,664** | 3,283 | **23,885** | 22,968 | **89** | 85 | **-** | 193 | **-** | - | | |
| **Carrying amount** | **35,860** | 39,021 | **26,162** | 25,765 | **7,261** | 7,743 | **2,973** | 2,240 | **18,426** | - | | |

(i) The 30 June 2022 balance sheet represents the stapled CDPF fund.

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

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

| Summarised statement of comprehensive income | Centuria Diversified Property Fund (i) | | Centuria Bass Credit | | Centuria Government Income Property Fund No. 2 | | QT Lakeview Developments Limited | | Allendale Square Fund | | Total | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **30 June 2023 $'000** | 30 June 2022 $'000 | **30 June 2023 $'000** | 30 June 2022 $'000 | **30 June 2023 $'000** | 30 June 2022 $'000 | **30 June 2023 $'000** | 30 June 2022 $'000 | **30 June 2023 $'000** | 30 June 2022 $'000 | **30 June 2023 $'000** | 30 June 2022 $'000 |
| Revenue | **19,304** | 6,977 | **23,644** | 15,569 | **4,173** | 2,394 | **-** | - | **8,985** | - | **56,106** | 24,940 |
| Net loss on fair value of investment properties | **(6,339)** | (390) | **-** | - | **(1,317)** | (1,871) | **-** | - | **-** | - | **(7,656)** | (2,261) |
| Gain/(loss) on fair value of investments and derivatives | **(1,939)** | 1,311 | **-** | - | **(199)** | 2,106 | **-** | - | **-** | - | **(2,138)** | 3,417 |
| Finance costs | **(3,583)** | (1,209) | **(392)** | (272) | **(789)** | (385) | **-** | - | **(1,558)** | - | **(6,322)** | (1,866) |
| Other expenses | **(8,370)** | (4,603) | **(14,038)** | (9,475) | **(1,541)** | (821) | **-** | - | **(2,689)** | - | **(26,638)** | (14,899) |
| **Profit/(loss) for the period** | **(927)** | 2,086 | **9,214** | 5,822 | **327** | 1,423 | **-** | - | **4,738** | - | **13,352** | 9,331 |
| Other comprehensive income | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - |
| **Total comprehensive income** | **(927)** | 2,086 | **9,214** | 5,822 | **327** | 1,423 | **-** | - | **4,738** | - | **13,352** | 9,331 |
| | | | | | | | | | | | | |
| **Group's share in %** | **21.54%** | 22.38% | **50.00%** | 50.00% | **21.59%** | 22.03% | **25.00%** | 25.00% | **25.91%** | - | | |
| **Group's share in $** | **(200)** | 974 | **4,607** | 2,911 | **71** | 429 | **-** | - | **1,227** | - | | |

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

## E2 Interests in subsidiaries

The Group's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have issued capital consisting solely of ordinary shares or units that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The subsidiaries of the Group were incorporated in the following jurisdictions, Australia, New Zealand and Singapore with principal places of business corresponding with the respective geographic jurisdictions. The parent entity of the Group is Centuria Capital Limited.

| | **Ownership interest %** | |
|---|---|---|
| **Australian subsidiaries** | **30 June 2023** | **30 June 2022** |
| Centuria Capital Fund | 0% (100% NCI) | 0% (100% NCI) |
| 80 Grenfell Street Pty Ltd | 100% | 100% |
| A.C.N. 062 671 872 Pty Limited | 100% | 100% |
| Ahnco Pty Ltd* | 59% | 64% |
| Amberlee Nominees Pty Ltd | 100% | 100% |
| Belmont Road Development Pty Limited | 100% | 100% |
| Belmont Road Management Pty Limited | 100% | 100% |
| Centuria 57 Wyatt Street Pty Ltd | 100% | 100% |
| Centuria 61-67 Wyatt St Pty Limited | 100% | 100% |
| Centuria 80 Flinders Street Pty Limited | 100% | 100% |
| Centuria 111 St Georges Terrace Fund** | 0% | 42% |
| Centuria Agriculture Fund I | 0% | 50% |
| Centuria Agriculture Fund II | 0% | 100% |
| Centuria Agri Logistics REIT I | 100% | 100% |
| Centuria Agri Logistics Pty Limited | 100% | 100% |
| Centuria ALRI (A) Trust | 100% | 100% |
| Centuria ALRI (B) Trust | 100% | 100% |
| Centuria ALRI (C) Trust | 100% | 100% |
| Centuria Business Services Pty Limited | 100% | 100% |
| Centuria Canberra No. 3 Pty Limited | 100% | 100% |
| Centuria Capital Cirque Pty Limited | 100% | 100% |
| Centuria Capital Health Fund | 100% | 100% |
| Centuria Capital No. 2 Fund | 100% | 100% |
| Centuria Capital No. 2 Industrial Fund | 100% | 100% |
| Centuria Capital No. 2 Office Fund | 100% | 100% |
| Centuria Capital No. 3 Fund | 100% | 100% |
| Centuria Capital No. 4 Fund | 100% | 100% |
| Centuria Capital No. 5 Fund | 100% | 100% |
| Centuria Capital No. 6 Fund | 100% | 100% |
| Centuria Capital No. 7 Fund | 100% | 100% |
| Centuria Capital No. 8 Fund | 100% | 100% |
| Centuria Capital No. 9 (PW) Fund (formerly known as Primewest Property Fund) | 100% | 100% |
| Centuria Developments (Cardiff) Pty Limited | 100% | 100% |
| Centuria Developments (Mann Street) Pty Limited | 100% | 100% |
| Centuria Developments (Mayfield) Pty Limited | 100% | 100% |
| Centuria Developments (Young Street) Pty Limited | 100% | 100% |
| Centuria Developments Pty Limited | 100% | 100% |
| Centuria Employee Share Fund Pty Ltd | 100% | 100% |
| Centuria Finance Pty Ltd | 100% | 100% |
| Centuria Funds Management Limited | 100% | 100% |
| Centuria Healthcare Asset Management Limited* | 59% | 64% |
| Cudgen Health Precinct Pty Limited | 50.1% | 50.1% |
| Cudgen Health Precinct SPV Trust | 50.1% | 50.1% |
| Centuria Lane Cove Debt Fund | 100% | 100% |
| Centuria Tweed Valley Developments Pty Limited | 100% | 100% |

## E2 Interests in subsidiaries (continued)

| | Ownership interest % | |
|---|---|---|
| **Australian subsidiaries** | **30 June 2023** | **30 June 2022** |
| Centuria Healthcare Asset Management Nominee 1 Pty Ltd* | 59% | 64% |
| Centuria Healthcare Energy Company Pty Ltd* | 59% | 64% |
| Centuria Healthcare Funds Distributions Limited* | 59% | 64% |
| Centuria Healthcare Investments Pty Ltd* | 59% | 64% |
| Centuria Healthcare Property Services Pty Limited* | 59% | 64% |
| Centuria Healthcare Pty Ltd* | 59% | 64% |
| Centuria Healthcare Developments Pty Ltd* | 59% | 64% |
| Centuria Healthcare Asset Management Nominee 2 Pty Ltd* | 59% | 64% |
| Centuria Industrial Property Services Pty Ltd | 100% | 100% |
| Centuria Institutional Investments No. 3 Pty Limited | 100% | 100% |
| Centuria Investment Holdings No. 4 Pty Limited | 100% | 100% |
| Centuria Investment Holdings Pty Limited | 100% | 100% |
| Centuria Investment Management (CDPF) Pty Ltd | 100% | 100% |
| Centuria Investment Management (CIP) Pty Ltd | 100% | 100% |
| Centuria Investment Management (CMA) No. 2 Pty Limited | 100% | 100% |
| Centuria Investment Management (CMA) Pty Limited | 100% | 100% |
| Centuria Investment Management (Property) No. 1 Pty Ltd | 100% | 100% |
| Centuria Investment Management (Property) No. 2 Pty Ltd | 100% | 100% |
| Centuria Investment Management (Property) No. 3 Pty Ltd | 100% | 100% |
| Centuria Investment Management (Property) No. 4 Pty Ltd | 100% | 100% |
| Centuria Investment Management (Property) No. 5 Pty Ltd | 100% | 100% |
| Centuria Investment Services Pty Limited | 100% | 100% |
| Centuria IM Agri No. 1 Pty Limited | 100% | 100% |
| Centuria IM Agri No. 2 Pty Limited | 100% | 100% |
| Centuria IM Agri No. 3 Pty Limited | 100% | 100% |
| Centuria IM Agri No. 4 Pty Limited | 100% | 100% |
| Centuria Life Limited | 100% | 100% |
| Centuria Nominees No. 3 Pty Limited | 100% | 100% |
| Centuria Platform Investments Pty Limited | 100% | 100% |
| Centuria Prime Partnership Pty Ltd | 100% | 0% |
| Centuria Prime Partnership No.1 Pty Ltd | 100% | 0% |
| Centuria Prime Partnership No.2 Pty Ltd | 100% | 0% |
| Centuria Properties No. 3 Limited | 100% | 100% |
| Centuria Property Funds Limited | 100% | 100% |
| Centuria Property Funds No. 2 Limited | 100% | 100% |
| Centuria Property Funds No. 3 Limited | 100% | 100% |
| Centuria Property Funds No. 4 Limited | 100% | 100% |
| Centuria Property Services Pty Limited | 100% | 100% |
| Centuria Richlands Pty Ltd | 100% | 100% |
| Centuria SubCo Pty Limited | 100% | 100% |
| CHPF 1 Pty Ltd | 100% | 100% |
| CHPF 2 Pty Ltd | 100% | 100% |
| CHPF 3 Pty Ltd | 100% | 100% |
| CHPF Cairns Pty Ltd | 100% | 100% |
| CHPF Kallangur Pty Ltd | 100% | 100% |
| CHPF South Bunbury Pty Ltd | 100% | 100% |
| Crestway Nominees Pty Ltd | 100% | 100% |
| Forrestdale Home Pty Ltd | 100% | 100% |
| Fromnex Pty Limited | 0% | 31.5% |
| Heathley Finance Company Pty Ltd* | 59% | 64% |
| Heathley Funds Management Pty Ltd* | 59% | 64% |
| Heathley Investor Services Pty Limited* | 59% | 64% |
| Heathley Nominees Pty Ltd* | 59% | 64% |
| Just across the river Pty Ltd | 100% | 100% |
| Mainriver Holdings Pty Ltd | 100% | 100% |
| More than meets the eye Pty Ltd | 0% | 100% |
| Over Fifty Capital Pty Ltd | 100% | 100% |
| Over Fifty Funds Management Pty Ltd | 100% | 100% |
| Over Fifty Investments Pty Ltd | 100% | 100% |
| Over Fifty Seniors Equity Release Pty Ltd | 100% | 100% |

## E2 Interests in subsidiaries (continued)

| | Ownership interest % | |
|---|---|---|
| **Australian subsidiaries** | **30 June 2023** | **30 June 2022** |
| Centuria WA (1 Forrest Place) Pty Ltd | 100% | 100% |
| Centuria WA (1060 Hay Street) Pty Ltd | 100% | 100% |
| Centuria WA (15 Ogilvie Road) Pty Ltd | 100% | 100% |
| Centuria WA (307 Murray Street) Pty Ltd | 100% | 100% |
| Centuria WA (359 Scarb Beach Rd) Pty Ltd | 100% | 100% |
| Centuria WA (380 Scarborough Beach Road) Pty Ltd | 100% | 100% |
| Centuria WA (380A Scarborough Beach Road) Pty Ltd | 100% | 100% |
| Centuria WA (382 Scarborough Beach Road) Pty Ltd | 100% | 100% |
| Centuria WA (384 Scarborough Beach Road) Pty Ltd | 100% | 100% |
| Centuria WA (511 Abernethy Road) Pty Ltd | 100% | 100% |
| Centuria WA (607 Bourke Street) Pty Ltd | 100% | 100% |
| Centuria WA (616 St Kilda Road) Pty Ltd | 100% | 100% |
| Centuria WA (Australia Place) Pty Ltd | 100% | 100% |
| Centuria WA (Busselton) Pty Ltd | 100% | 100% |
| Centuria WA (Cannington) Pty Ltd | 100% | 100% |
| Centuria WA (Cottesloe Central) Pty Ltd | 100% | 100% |
| Centuria WA (Erskine) Pty Ltd | 100% | 100% |
| Centuria WA (Gauge Circuit) Pty Ltd | 100% | 100% |
| Centuria WA (Hillbert Rd) Pty Ltd | 100% | 100% |
| Centuria WA (Joondalup House) Pty Ltd | 100% | 100% |
| Centuria WA (Lot 4 Davidson Street Kalgoorlie) Pty Ltd | 100% | 100% |
| Centuria WA (Melville) Pty Ltd | 100% | 100% |
| Centuria WA (Neerabup) Pty Ltd*** | 0% | 100% |
| Centuria WA (Northlands) Pty Ltd | 100% | 100% |
| Centuria WA (Osborne Park) Pty Ltd | 100% | 100% |
| Centuria WA (Wattleup) Pty Ltd | 100% | 100% |
| Centuria WA Agrichain Management Pty Ltd | 100% | 100% |
| Centuria WA Corporate Holdings Pty Ltd | 100% | 100% |
| Centuria WA Enterprises Pty Ltd | 100% | 100% |
| Centuria WA Pty Limited | 100% | 100% |
| Centuria WA P/Q Pty Ltd | 100% | 100% |
| Centuria WA Real Estate Pty Ltd | 100% | 100% |
| Centuria WA USA Holdings Pty Ltd | 100% | 100% |
| Centuria WA Property Pty Ltd | 100% | 100% |
| DCA Projects Pty Limited | 100% | 100% |
| Exercise Holdings Pty Ltd | 100% | 100% |
| Primewest (135 Clayton Street) Pty Limited | 100% | 100% |
| Primewest 140 STG Trust | 100% | 100% |
| Primewest USA Trust | 100% | 100% |
| Riodell Holdings Pty Ltd | 100% | 100% |
| Senex Warehouse Trust No. 1 | 100% | 100% |
| Silverkey Pty Ltd | 100% | 100% |
| Stead Road Pty Ltd | 100% | 100% |
| SVAF II Head Co Pty Ltd | 100% | 0% |
| SVAF II Mid Co Pty Ltd | 100% | 0% |
| SVAF Property Co Pty Ltd | 100% | 0% |
| Teewana Farm Pty Ltd*** | 0% | 100% |
| Zimara Enterprises Pty Ltd | 100% | 100% |
| | | |
| **New Zealand Subsidiaries** | | |
| Centuria Capital (NZ) Limited (formerly Centuria New Zealand Holdings Limited) | 100% | 100% |
| Centuria Capital (NZ) No. 1 Limited (formerly Augusta Capital Limited) | 100% | 100% |
| Centuria Capital (NZ) No. 2 Limited (formerly Augusta Capital No. 1 Limited) | 100% | 100% |
| Centuria Funds Management (NZ) Limited (formerly Augusta Funds Management Limited) | 100% | 100% |
| Centuria Lakeview Holdings Limited (formlerly Augusta Lakeview Holdings Limited) | 100% | 100% |
| Centuria Property Holdco Limited (formerly Augusta Property Holdco Limited) | 100% | 100% |
| | | |
| **Singapore subsidiaries** | | |
| Centuria Capital Private Limited (Singapore) | 100% | 100% |

* The ownership percentage outlined above for these subsidiaries reflects the Group's economic ownership. The Group holds a 50% voting right in each of these subsidiaries.
** During the period Centuria 111 St Georges Terrace Fund was deconsolidated and is now a financial asset with a holding of 18.06%.
*** These entities were disposed by the Group on 30 June 2023.

## E2 Interests in subsidiaries (continued)

**Recognition and measurement**

***i*** *Basis of consolidation*

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

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

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

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

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

## E3 Parent entity disclosure

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

| Result of parent entity | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Profit for the year | **6,936** | 23,561 |
| Total comprehensive income for the year | **6,936** | 23,561 |
| | | |
| **Financial position of parent entity at year end** | | |
| Total assets | **1,120,216** | 1,147,511 |
| Total liabilities | **(452,156)** | (465,339) |
| Net assets | **668,060** | 682,172 |

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

| **Total equity of the parent entity comprising of:** | | |
|---|---|---|
| Share capital | **394,811** | 389,716 |
| Share-based incentive reserve | **11,016** | 8,931 |
| Retained earnings | **262,233** | 283,526 |
| **Total equity** | **668,060** | 682,173 |

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

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

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

The parent entity has bank guarantees of $2,007,143 for commercial leases with respect to its Sydney and Melbourne office premises. These bank guarantees are cash collateralised.

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

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

# F Other

## F1 Share-based payment arrangements

### (a) LTI Plan details

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

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

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

Further details of the LTI Plan are included in the Audited Remuneration Report from page 13 to page 43.

| | **2023** | 2022 |
|---|---|---|
| Performance rights outstanding at the beginning of the year | **9,858,881** | 8,960,099 |
| Performance rights granted during the year | **4,766,656** | 3,196,360 |
| Performance rights lapsed during the year | **(2,101,132)** | - |
| Performance rights vested during the year | **(700,375)** | (2,297,578) |
| Performance rights outstanding at the end of the year | **11,824,030** | 9,858,881 |

The performance objectives for 3,939,056 of the performance rights issued under Tranche 8 were not met as at 30 June 2023. As a result all rights will lapse.

### (b) Measurement of fair values

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

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

| | **Tranche 8** | **Tranche 9** | **Tranche 10** |
|---|---|---|---|
| Expected vesting date | 31 August 2023 | 31 August 2024 and 31 August 2025 | 31 August 2025 and 31 August 2026 |
| Share price at the grant date | $2.51 and $2.37 | $3.13 and $3.25 | $1.825 and $1.935 |
| Expected life | 2.8 years | 2.8 - 4.1 years | 2.7 - 4.1 years |
| Volatility | 26% | 26% | 30% |
| Risk free interest rate | 0.11% and 0.12% | 0.11% and 0.86% | 2.99% and 3.16% |
| Dividend yield | 4.2% | 3.8% | 5.3% |

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

| **Performance Condition** | **Tranche 8** | **Tranche 9** | **Tranche 10** |
|---|---|---|---|
| Absolute TSR | $1.29 and $1.10 (i) | $1.85 and $2.15 (iii) | $0.51 and $0.69 (v) |
| Relative TSR | $1.75 and $1.58 (ii) | $1.16 and $1.32 (iv) | $0.64 and $0.83 (vi) |

**(i)** $1.29 for Chief Executive Officers and $1.10 for other employees.
**(ii)** $1.75 for Chief Executive Officers and $1.58 for other employees.
**(iii)** $1.85 and $1.92 for Chief Executive Officers, $1.98 and $2.05 for senior executive committee members and $2.15 for other employees.
**(iv)** $1.16 and $1.18 for Chief Executive Officers, $1.19 and $1.23 for senior executive committee members and $1.32 for other employees.
**(v)** $0.51 and $0.53 for Chief Executive Officers, $0.65 and $0.69 for senior executive committee members and $0.69 for other employees.
**(vi)** $0.64 and $0.68 for Chief Executive Officers, $0.79 and $0.83 for senior executive committee members and $0.83 for other employees.

During the year, share based payment expenses were recognised of $5,055,000 (2022: $5,010,000).

**Recognition and measurement**

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

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

## F2 Financial instruments

### (a) Management of financial instruments

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

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

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

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

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

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

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

### (b) Capital risk management

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

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

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

In addition, Centuria Property Funds Limited, Centuria Funds Management Limited, Centuria Property Funds No. 2 Limited, Centuria Healthcare Asset Management Limited, Centuria Property Funds No. 3 Limited and Centuria Property Funds No. 4 Limited have AFS licences so as to operate registered property trusts. Regulations require these entities to hold a minimum net asset amount which is maintained by way of cash term deposits and listed liquid investments.

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

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

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

## F2 Financial instruments (continued)

### (c) Fair value of financial instruments

*i 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.

Unless outlined below, detailed information in relation to recognition and measurement principals applied across all financial instruments are outlined in the respective notes accompanying the balance sheet.

| 30 June 2023 | Measurement basis | Fair value hierarchy | Carrying amount $'000 | Fair value $'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | **Amortised cost** | **Not applicable** | **225,460** | **225,460** |
| Receivables | **Amortised cost** | **Not applicable** | **133,278** | **133,278** |
| Financial assets | **Fair value** | **Level 1** | **630,078** | **630,078** |
| Financial assets | **Fair value** | **Level 2** | **221,427** | **221,427** |
| Financial assets - mortgage backed assets | **Fair value** | **Level 3** | **1,181** | **1,181** |
| Reverse mortgages receivables | **Fair value** | **Level 3** | **41,887** | **41,887** |
| Financial assets | **Amortised cost** | **Not applicable** | **45,160** | **45,160** |
| | | | **1,298,471** | **1,298,471** |
| **Financial liabilities** | | | | |
| Payables | **Amortised cost** | **Not applicable** | **92,418** | **92,418** |
| Benefit Funds policy holders' liability | **Amortised cost** | **Not applicable** | **278,793** | **278,793** |
| Borrowings (net of borrowing costs) | **Amortised cost** | **Not applicable** | **375,217** | **371,368** |
| Interest rate swaps - reverse mortgage fixed-for-life | **Fair value** | **Level 3** | **19,339** | **19,339** |
| Call/Put option liability | **Amortised cost** | **Not applicable** | **38,255** | **-** |
| | | | **804,022** | **761,918** |

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

## F2 Financial instruments (continued)

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

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

| 30 June 2022 | Measurement basis | Fair value hierarchy | Carrying amount $'000 | Fair value $'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | Amortised cost | Not applicable | 200,565 | 200,565 |
| Receivables | Amortised cost | Not applicable | 113,487 | 113,487 |
| Financial assets | Fair value | Level 1 | 685,211 | 685,211 |
| Financial assets | Fair value | Level 2 | 165,171 | 165,171 |
| Financial assets - mortgage backed assets | Fair value | Level 3 | 1,181 | 1,181 |
| Reverse mortgages receivables | Fair value | Level 3 | 40,084 | 40,084 |
| Financial assets** | Amortised cost | Not applicable | 70,045 | 70,045 |
| | | | 1,275,744 | 1,275,744 |
| **Financial liabilities** | | | | |
| Payables | Amortised cost | Not applicable | 134,619 | 134,619 |
| Benefit Funds policy holders' liability | Amortised cost | Not applicable | 270,558 | 270,558 |
| Borrowings (net of borrowing costs) | Amortised cost | Not applicable | 629,385 | 624,941 |
| Interest rate swaps - reverse mortgage fixed-for-life | Fair value | Level 3 | 18,750 | 18,750 |
| Call/Put option liability | Amortised cost | Not applicable | 84,095 | - |
| | | | 1,137,407 | 1,048,868 |

*For financial asset amounts classified at amortised cost, the fair value amount is equal to the carrying amount.
**Prior year numbers have been represented to reflect current year presentation.

***ii*** *Valuation techniques and assumptions applied in determining fair value*

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

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

The 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.

*Level 2 fair values:*

The Group 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 funds.

## F2 Financial instruments (continued)

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

*Level 3 fair values:*

The Level 3 financial asset held by the Group is the fair value of the residential mortgage receivables attributable to interest rate risk. The Level 3 financial liability held by the Group is the fixed-for-life interest rate swaps.

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

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

- the weighted average reverse mortgage holders’ age is 83 years;
- the future cash flows calculation is related to borrowers' mortality rates and mortality improvements. The data is sourced from mortality tables sourced from externally published data.
- fixed or variable interest rates charged to borrowers are used to project future cash flows;
- a redemption rate, which is based on historical loan redemption experience, applies to future cash flow forecast; and
- year-end yield curve plus a credit margin is used to discount future cash flows back to 30 June 2023 to determine the fair value.

**Key estimates and judgements**

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

- the loan interest compounding period is the expected remaining life of the borrower;
- mortality rates for males and females are based on portfolio-adjusted 2013-2015 Life Tables;
- the compounding interest rate is the fixed rate of loan for the period from day 1 up to the point of time when loan carrying amount equals the property value. After that point of time, the loan compounding rate will be reduced to the same as long term residential property growth rate determined by Management, on the grounds that any fixed rate exceeding the property growth rate will not be recovered after that point of time;
- for 30 June 2023 valuation, the property growth rates are nil% for FY23, then reverted to a 3.5% flat rate from FY24 onwards;
- discount factors are calculated based on the market quoted long term rates on 30 June 2023;
- the 1% flat credit risk premium, reflecting the portfolio default profile on 30 June 2023, is added to the monthly cash flow discount factors to discount future cash flows generated by the reverse mortgage loans.

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

- mortality rates for males and females based on portfolio-adjusted 2013-2015 Life Tables. The improvement factor tapers down to 1% p.a. at age 90 and then zero at age 100;
- joint life mortality is calculated based on last death for loans with joint borrowers;
- 48% of the residential mortgage loan portfolio consists of joint lives;
- discount factors are calculated based on the market quoted long term rates on 30 June 2023;
- the 1.676% flat credit risk premium, reflecting the business default profile on 30 June 2023, is added to the monthly cash flow discount factors to discount future cash flows generated by the reverse mortgage loans.

**Recognition and measurement**

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

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

## F2 Financial instruments (continued)

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

*iii Reconciliation of Level 3 fair value measurements of financial assets and liabilities*

| **Year ended 30 June 2023** | **Other mortgage backed assets at fair value $'000** | **Reverse mortgages fair value $'000** | **Fixed-for-life interest rate swaps $'000** | **Total $'000** |
|---|---|---|---|---|
| Balance at 1 July 2022 | **1,181** | **40,084** | **(18,750)** | **22,515** |
| Loan repaid | **-** | **(2,521)** | **742** | **(1,779)** |
| Accrued interest | **-** | **3,001** | **(1,516)** | **1,485** |
| Attributable to interest rate and other risk | **-** | **1,139** | **278** | **1,417** |
| Attributable to credit risk | **-** | **184** | **(93)** | **91** |
| **Balance at 30 June 2023** | **1,181** | **41,887** | **(19,339)** | **23,729** |

| **Year ended 30 June 2022** | Other mortgage backed assets at fair value $'000 | Reverse mortgages fair value $'000 | Fixed-for-life interest rate swaps $'000 | Total $'000 |
|---|---|---|---|---|
| Balance at 1 July 2021 | 1,181 | 54,309 | (31,205) | 24,285 |
| Loan repaid | - | (3,824) | 1,206 | (2,618) |
| Accrued interest | - | 3,413 | (1,907) | 1,506 |
| Attributable to interest rate and other risk | - | (17,749) | 14,503 | (3,246) |
| Attributable to credit risk | - | 3,935 | (1,347) | 2,588 |
| Balance at 30 June 2022 | 1,181 | 40,084 | (18,750) | 22,515 |

### (d) Credit risk

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

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

*i Credit risk of reverse mortgages*

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

Individual property valuations are conducted at least every 3 years in accordance with financier's requirements. At 30 June 2023, the highest loan to value ratio (LVR) of a loan in the reverse mortgage loan book is 141% (2022: 129%), and there are 41 out of 154 (2022: 72 out of 166) reverse mortgage loans where the LVR is higher than 50%.

*ii Credit risk on other financial assets*

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

*Loan receivable from related party:*
As of 30 June 2023, the Group recognised a loss allowance of $1,275,000 for the related party loan receivable from Centuria NZ Healthcare Property Fund (CNZHPF). The loss allowance was measured at the lifetime expected credit loss from future possible scenarios and are probability weighted. The estimated scenarios and probabilities of loss are based on the market data collected, Group's view of future economic conditions and CNZHPF's forecast business plan. This does not have significant impact on the Group's credit risk exposure in other financial assets.

## F2 Financial instruments (continued)

### (d) Credit risk (continued)

***ii*** *Credit risk on other financial assets (continued)*

*Receivables:*
The exposure of credit risk in respect of financial assets remains minimal as the majority of other financial assets are due from related parties of the Group. The Group does not have any significant credit risk exposure to any single entity in other financial assets or any group of counterparties having similar characteristics.

The aging of receivables at the reporting date was as follows:

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| Not Due | **119,936** | 97,877 |
| 1 to 30 Days | **4,885** | 11,453 |
| 31 to 60 Days | **4,189** | 1,655 |
| > 60 days overdue | **4,268** | 2,503 |
| | **133,278** | 113,488 |

### (e) Liquidity risk

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

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

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

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

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

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

## F2 Financial instruments (continued)

### (e) Liquidity risk (continued)

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

| Non-derivative financial liabilities | On demand $'000 | Less than 3 months $'000 | 3 months to 1 year $'000 | 1-5 years $'000 | 5+ years $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Borrowings | **-** | **6,138** | **52,994** | **403,555** | **-** | **462,687** |
| Payables | **-** | **114,340** | **-** | **-** | **-** | **114,340** |
| Call/Put option liability | **-** | **-** | **-** | **41,857** | **-** | **41,857** |
| Benefit Funds policyholder's liability | **278,793** | **-** | **-** | **-** | **-** | **278,793** |
| Lease liabilities | **-** | **1,510** | **4,604** | **26,307** | **11,916** | **44,337** |
| **Total** | **278,793** | **121,988** | **57,598** | **471,719** | **11,916** | **942,014** |
| **2022** | | | | | | |
| Borrowings | - | 8,242 | 28,531 | 697,617 | - | 734,390 |
| Payables | - | 134,619 | - | - | - | 134,619 |
| Call/Put option liability | - | 35,400 | - | 58,929 | - | 94,329 |
| Benefit Funds policyholder's liability | 270,557 | - | - | - | - | 270,557 |
| Lease liabilities | - | 805 | 2,447 | 13,175 | 6,820 | 23,247 |
| **Total** | 270,557 | 179,066 | 30,978 | 769,721 | 6,820 | 1,257,142 |

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

| Derivative financial liabilities | On demand $'000 | Less than 3 months $'000 | 3 months to 1 year $'000 | 1-5 years $'000 | 5+ years $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Interest rate swaps | **-** | **-** | **20** | **1,127** | **25,929** | **27,076** |
| **Total** | **-** | **-** | **20** | **1,127** | **25,929** | **27,076** |
| **2022** | | | | | | |
| Interest rate swaps | - | 92 | 287 | 2,924 | 33,775 | 37,078 |
| **Total** | - | 92 | 287 | 2,924 | 33,775 | 37,078 |

### (f) Market risk

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

***i*** *Equity price risk*

The Group 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 $85.3 million (2022: $85.2 million).

# F2 Financial instruments (continued)

**(f) Market risk (continued)**

***ii*** *Interest rate risk management*

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

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

| | **Weighted average effective interest rate %** | **Variable rate $'000** | **Fixed rate $'000** | **Total $'000** |
|---|---|---|---|---|
| **2023** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | **4.04%** | **202,918** | **22,542** | **225,460** |
| Other financial assets held by Benefit Funds | **2.02%** | **3,216** | **5,866** | **9,082** |
| Other interest bearing loans | **4.90%** | **-** | **47,129** | **47,129** |
| Reverse mortgage receivables | **8.70%** | **672** | **41,215** | **41,887** |
| Total financial assets | | **206,806** | **116,752** | **323,558** |
| **Financial liabilities** | | | | |
| Borrowings | **7.54%** | **(275,810)** | **(99,407)** | **(375,217)** |
| Total financial liabilities | | **(275,810)** | **(99,407)** | **(375,217)** |
| Net interest bearing financial assets/(liabilities) | | **(69,004)** | **17,345** | **(51,659)** |

| | Weighted average effective interest rate % | Variable rate $'000 | Fixed rate $'000 | Total $'000 |
|---|---|---|---|---|
| **2022** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 0.87% | 169,706 | 30,859 | 200,565 |
| Other financial assets held by Benefit Funds | 2.56% | 3,269 | 7,432 | 10,701 |
| Other interest bearing loans | 4.82% | - | 71,039 | 71,039 |
| Reverse mortgage receivables | 8.71% | 743 | 39,341 | 40,084 |
| Total financial assets | | 173,718 | 148,671 | 322,389 |
| **Financial liabilities** | | | | |
| Borrowings | 4.56% | (529,997) | (99,388) | (629,385) |
| Total financial liabilities | | (529,997) | (99,388) | (629,385) |
| Net interest bearing financial assets/(liabilities) | | (356,279) | 49,283 | (306,996) |

## F2 Financial instruments (continued)

**(f) Market risk (continued)**

***iii*** *Interest rate swap contracts*

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

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

| | **Average contracted rate** | | **Notional principal amount** | | **Fair value** | |
|---|---|---|---|---|---|---|
| **Pay fixed for floating contracts** | **2023 %** | 2022 % | **2023 $'000** | 2022 $'000 | **2023 $'000** | 2022 $'000 |
| 50 year swaps contracts | **7.47%** | 7.48% | **7,992** | 8,447 | **(19,339)** | (18,750) |
| | | | **7,992** | 8,447 | **(19,339)** | (18,750) |

***iv*** *Interest rate sensitivity*

The sensitivity analysis below has been determined based on the parent and the Group's exposure to interest rates at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of financial assets and financial liabilities that have variable interest rates. A 100 basis points (1.00%) increase or decrease represents management's assessment of the reasonably possible change in interest rate.

At reporting date, if variable interest rates had been 100 (2022: 100) basis points higher or lower and all other variables were held constant, the impact to the Group would have been as follows:

| | | | **Effect on profit after tax** | |
|---|---|---|---|---|
| | **Change in variable 2023** | **Change in variable 2022** | **2023 $'000** | 2022 $'000 |
| **Consolidated** | | | | |
| Interest rate risk | **+1.00%** | **+1.00%** | **(1,866)** | (4,004) |
| **Consolidated** | | | | |
| Interest rate risk | **-1.00%** | **-1.00%** | **2,351** | 4,132 |

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

## F3 Remuneration of auditors

Amounts received or due and receivable by KPMG:

| | **2023 $** | 2022 $ |
|---|---|---|
| Audit and review of the financial report | **926,643** | 858,353 |
| Other services including AFSL and compliance plan audits | **151,415** | 115,401 |
| Non-audit services | **30,096** | 426,800 |
| | **1,108,154** | 1,400,554 |

## F4 Events subsequent to the reporting date

There has not arisen in the interval between 30 June 2023 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

# Directors' declaration

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

(a) the consolidated financial statements and notes set out on pages 45 to 103 and the Remuneration Report set out on pages 13 to 43 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

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

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

Mr Garry S. Charny
Director

Mr Peter J. Done
Director

18 August 2023

# Independent Auditor's Report

## To the stapled security holders of Centuria Capital Group

## Report on the audit of the Financial Report

### Opinion

We have audited the ***Financial Report*** of Centuria Capital Group (the Stapled Group Financial Report).

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

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

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

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

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

### Basis for opinion

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

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

We are independent of the Stapled Group, Centuria Capital Limited and Centuria Funds Management Limited (as Responsible Entity for Centuria Capital 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 Matters

The ***Key Audit Matters*** we identified for the Stapled Group are:

- Recognition of performance fee income; and
- Recoverable amount of goodwill and indefinite life management rights.

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

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

## Recognition of performance fee income ($28.5m)

Refer to Note B2 to the Financial Report

| The key audit matter | How the matter was addressed in our audit |
| --- | --- |
| The Stapled Group, in its capacity as a property fund manager, receives performance fees where the managed property fund outperforms a set internal rate of return benchmark (hurdle rate). Performance fees are recognised by the Stapled Group when they are deemed to be highly probable and the amount of the performance fees will not result in a significant reversal in future periods.<br><br>Recognition of performance fee income is a key audit matter due to the:<br><br>• Significant judgement exercised by us to assess the amount of performance fee income estimated by the Stapled Group. The key assumptions impacting the amount of performance fee income are subject to estimation uncertainty, bias and inconsistent application. This increases the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. Increased time and effort is spent by the audit team in assessing these key assumptions; and<br>• Quantum of performance fee income, representing 7.7% of the Stapled Group's total revenue. | In performing our procedures, we:<br><br>• Inspected a sample of the Stapled Group's agreements with managed property funds to understand the key terms related to performance fees, including hurdle rates.<br>• Evaluated the Stapled Group's accounting policies regarding the recognition of performance fee income against accounting standard requirements. This included assessing the Stapled Group's policies for constraining performance fee income and valuing investment properties against accounting standard requirements.<br>• Assessed the scope, competence and objectivity of the investment property valuers to fair value the underlying investment properties held by the funds.<br>• Obtained a sample of the investment property valuations and challenged key property fair value assumptions such as capitalisation rates and market rental yields. To do this, we used market analysis published by industry experts, recent market transactions, historical performance of the underlying investment properties and our industry experience, taking into account |

| | |
|---|---|
| We focused on the following key assumptions made by the Stapled Group in estimating the amount of performance fee income including:<br>• Fair value of underlying properties held. The valuation of investment properties contains assumptions with estimation uncertainty such as expected capitalisation rates and market rental yields. This leads to additional audit effort due for us to assess the differing assumptions based on asset classes, geographies and characteristics of individual investment properties.<br>• Forecast fund end date - The fund end date impacts the level of returns that can be achieved over the course of the funds life and may change depending on the Stapled Group's strategy.<br>• Constraint - This is impacted by the Stapled Group's expectations of how much of the performance fee is highly probable of being received with reference to the remaining tenure of the fund in accordance with accounting standard requirements. | asset classes, geographies and characteristics of individual investment properties. We assessed the valuation methodology used against accounting standard requirements and industry practice.<br>• Assessed the Stapled Group's determination of the forecast fund end date against a sample of the underlying managed property fund agreements, the Stapled Group's fund strategy and history of extending fund term end dates.<br>• Recalculated a sample of the Stapled Group's performance fee income based on hurdles in the underlying performance fee agreements with managed property funds and compared to the performance fee income recorded in the Stapled Group's general ledger.<br>• Challenged the constraints applied by the Stapled Group. We used our knowledge of the Stapled Group, their past performance, business, and our industry experience to inform our expectations of current and forecast property fund performance and likelihood of performance fees being received.<br>• Assessed the appropriateness of disclosures in the Financial Report, using our understanding obtained from our testing and against the requirements of the accounting standards. |

**Recoverable amount of goodwill and indefinite life management rights ($793.1m)**

Refer to Note C6 to the Financial Report

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| A key audit matter is the Stapled Group's testing of goodwill and indefinite life management rights for impairment, given the size of the balance (being 34.0% of total assets).<br>We focused on the significant forward-looking assumptions the Stapled Group applied in their value in use model, including:<br>• Forecast operating cash flows (including | In performing our procedures, we:<br>• Considered the appropriateness of the value in use method applied by the Stapled Group, to perform its impairment test of goodwill and indefinite life management rights against the requirements of the accounting standards.<br>• Assessed the integrity of the value in use model used, including the accuracy of the |

KPMG

| | |
|---|---|
| revenue and expenses), growth rates and terminal growth rates. The Stapled Group's model is sensitive to changes in these assumptions, which may reduce available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Stapled Group's strategy.<br>• Discount rate - this is complicated in nature and varies according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time. The Stapled Group's modelling is highly sensitive to changes in the discount rate.<br><br>We exercised significant judgement in assessing the value in use estimated by the Stapled Group. The key assumptions impacting the value in use are subject to estimation uncertainty and bias. This increases the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. Increased time and effort is spent by the audit team in assessing these key assumptions.<br><br>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter. | underlying calculation formulas.<br>• Assessed the accuracy of previous Stapled Group forecasts to inform our evaluation of forecasts incorporated in the model.<br>• Compared the cash flows, including revenue and expenses contained in the value in use model to the Board approved forecast.<br>• Challenged the Stapled Group's significant forecast cash flow and growth assumptions by:<br>- Assessing baseline cash flows, including revenue and expenses by comparing to actual historic cash flows and key events to the Board approved plan and strategy.<br>- With the assistance of our valuation specialists, comparing growth rates and terminal growth rates to published studies of industry trends and expectations, and considered differences to the Stapled Group's operations. We used our knowledge of the Stapled Group, their past performance, business and customers, and our industry experience.<br>- Checking the consistency of the forecast growth rates to the Stapled Group's stated plan and strategy, past performance of the Stapled Group and our experience regarding the feasibility of these in the economic environment in which they operate.<br>• Worked with our valuation specialists to independently developed a discount rate range considering publicly available market data for comparable entities, adjusted by risk factors specific to the Stapled Group and the industry it operates in.<br>• Considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Stapled Group consider to be reasonably possible. We did this to identify those assumptions at higher risk of bias or |

| | |
|---|---|
| | inconsistency in application and to focus our further procedures.<br>• Assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards. |

## Other Information

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

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, Remuneration Report, the Stock Exchange Appendix 4E and Additional stock exchange information. Other than these items, the remaining other information included in the Centuria Capital Group Annual Report is expected to be made available to us after the date of the Auditor's Report.

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

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

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

## Responsibilities of the Directors for the Financial Report

The Directors of Centuria Capital Limited are responsible for:

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

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Centuria Capital Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

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

### Our responsibilities

We have audited the Remuneration Report included in pages 13 to 43 of the Directors' report for the year ended 30 June 2023.

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

KPMG

KPMG

Paul Thomas

Partner

Sydney

18 August 2023

# Additional stock exchange information

The securityholder information set out below was applicable as at 18 July 2023.

## Distribution of securities

Analysis of numbers of securityholders by size of holding:

| Holding | Number of holders | Number of securities |
|---|---|---|
| 1 - 1000 | 1,821 | 829,093 |
| 1,001 - 5,000 | 4,652 | 11,857,395 |
| 5,001 - 10,000 | 1,524 | 10,962,589 |
| 10,001 - 100,000 | 1,865 | 50,442,193 |
| 100,001 and over | 223 | 725,499,045 |
| | 10,085 | 799,590,315 |

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

## Top 20 Securityholders

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

| | Number held | Percentage of issued securities |
|---|---|---|
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 197,343,082 | 24.68 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 144,414,048 | 18.06 |
| CITICORP NOMINEES PTY LIMITED | 75,020,333 | 9.38 |
| PENTEK HOLDINGS PTY LTD <J LITIS INV NO 2 A/C> | 32,862,905 | 4.11 |
| NATIONAL NOMINEES LIMITED | 31,346,877 | 3.92 |
| CIRCLESTAR PTY LTD <DAVID SCHWARTZ FAM HOLD A/C> | 28,377,402 | 3.55 |
| BNP PARIBAS NOMS PTY LTD <DRP> | 22,268,627 | 2.79 |
| MR PETER KARL CHRISTOPHER HULJICH & MR JOHN HAMISH BONSHAW IRVING <THE PKCH A/C> | 16,566,486 | 2.07 |
| TOPSFIELD PTY LTD <JB INVESTMENT A/C> | 15,826,336 | 1.98 |
| MR C P HULJICH & MRS C M F HULJICH & P K C HULJICH <THE CPH A/C> | 14,890,525 | 1.86 |
| GH 2016 PTY LTD <HARVEY 2006 OPTION A/C> | 10,307,088 | 1.29 |
| CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C> | 6,677,169 | 0.84 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>> | 6,331,270 | 0.79 |
| HWM (NZ) HOLDINGS LIMITED | 6,302,970 | 0.79 |
| PARITAI PTY LIMITED <PARITAI A/C> | 6,192,811 | 0.77 |
| MR JASON TIMOTHY KILGOUR & MR VAUGHAN CHARLES ATKIN <E A HULJICH FAMILY A/C> | 4,822,493 | 0.60 |
| RESOLUTE FUNDS MANAGEMENT <HANOVER GRP STAFF SUPER A/C> | 4,344,364 | 0.54 |
| CHARTER HALL WHOLESALE MANAGEMENT LTD <CH DEEP VALUE AREIT P/SHIP> | 4,000,000 | 0.50 |
| MR PAT REDPATH O'CONNOR | 3,700,000 | 0.46 |
| RESOLUTE FUNDS MANAGEMENT <THE MCBAIN FAMILY A/C> | 3,466,036 | 0.43 |
| | 635,060,822 | 79.41 |

## Substantial holders

Substantial holders in the Group are set out below as at 18 July 2023.

| | Number held | Percentage |
|---|---|---|
| The Vanguard Group, Inc. | 63,340,821 | 7.91% |
| BlackRock Group | 43,584,931 | 5.45% |
| | 106,925,752 | 13.36% |

## Voting rights

All ordinary securities carry one vote per security without restriction.

Centuria

# Centuria Capital Fund

ARSN 613 856 358

# Financial Report
# for the year ended 30 June 2023

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

**Centuria Capital Fund**
**Financial Report - 30 June 2023**

# Contents



These consolidated financial statements are the financial statements of the consolidated entity consisting of Centuria Capital Fund and its subsidiaries. A list of subsidiaries is included in note E2. The consolidated financial statements are presented in the Australian currency.

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

Its registered office is:

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

The consolidated financial statements were authorised for issue by the Directors of the Responsible Entity on 18 August 2023.

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

# Directors' Report

The directors of Centuria Funds Management Limited (the 'Company') as the Responsible Entity for Centuria Capital Fund ('CCF') present their report together with the consolidated financial statements of the Fund and its controlled entities (the 'Fund') for the financial year ended 30 June 2023 and the auditor’s report thereon.

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

**Directors and directors' interests**

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

| Name | Appointed | Directorship of other listed companies |
|---|---|---|
| Mr Garry S. Charny | 8 August 2016 | Centuria Capital Limited (ASX:CNI) |
| Ms Kristie R. Brown | 15 February 2021 | Centuria Capital Limited (ASX:CNI) |
| Mr Peter J. Done | 8 August 2016 | Centuria Capital Limited (ASX:CNI)<br>Centuria Industrial REIT (ASX:CIP) (i)<br>Centuria Office REIT (ASX:COF) (ii) |
| Mr Jason C. Huljich | 8 August 2016 | Centuria Capital Limited (ASX:CNI) |
| Mr John E McBain | 8 August 2016 | Centuria Capital Limited (ASX:CNI)<br>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

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

Additional directors' information and their interests are detailed below:

<table>
<tr><td colspan="3">Mr Garry S. Charny, BA. LL.B. Independent Non-Executive Director and Chairman</td></tr>
<tr><td>Experience and expertise</td><td colspan="2">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).<br><br>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.<br><br>Garry is also Chairman of High End, an AI driven fashion tech company, and Chairman of Shero Investments, a Sydney based investment company.<br><br>In December 2022, he was appointed a Board Member of Racing NSW.<br><br>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).<br><br>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.</td></tr>
<tr><td>Directorship of other listed companies</td><td colspan="2">Centuria Capital Limited (ASX:CNI)</td></tr>
<tr><td>Responsibilities</td><td colspan="2">Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Board<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination & Remuneration Committee<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Conflicts Committee<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee<br>Chairman of the Centuria Life Limited Board<br>Member of the Centuria Life Limited Audit Committee<br>Member of the Centuria Life Limited Risk & Compliance Committee<br>Chairman of the Centuria Healthcare Pty Ltd Board</td></tr>
<tr><td>Interests in CNI</td><td>Ordinary stapled securities</td><td>422,753</td></tr>
</table>

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

| **Ms Kristie R. Brown**, B. Comm, B. Law (Hon) *Independent Non-Executive Director* | | |
|---|---|---|
| Experience and expertise | Kristie is an experienced real estate investment and legal professional who was appointed to the Centuria Board on 15 February 2021 as an Independent Non-Executive Director as well as a member of the Group's Audit, Risk & Compliance Committee (ARCC) and the Conflicts Committee.<br><br>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.<br><br>Subsequent to her legal career, Kristie established a private investment business, Danube View Investments, which primarily operates in the Australian property sector.<br><br>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. | |
| Directorship of other listed companies | Centuria Capital Limited (ASX:CNI) | |
| Responsibilities | Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk & Compliance Committee<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Conflicts Committee | |
| Interests in CNI | Ordinary stapled securities | nil |

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

| **Mr Peter J. Done**, B.Comm, FCA. *Independent Non-Executive Director* | | |
|---|---|---|
| Experience and expertise | Peter joined the Centuria Capital Group Board as an Independent Non-Executive Director in November 2007. He is also Chair of Centuria Capital Group's Audit, Risk & Compliance Committee.<br><br>Peter has extensive knowledge of accounting, audit and financial management in the property development and financial services industries, corporate governance, regulatory issues and board processes through his many senior roles.<br><br>Peter hails from a 38-year career at KPMG. From 1979, he held the position of Partner until his retirement in 2006. During his 27 years as Partner, Peter was the lead audit partner for many clients, including those involved in property development, primary production and television and film production and distribution.<br><br>Peter holds a Bachelor of Commerce (Accounting) from the University of New South Wales and is a Fellow of Chartered Accountants Australia and New Zealand. | |
| Directorship of other listed companies | Centuria Capital Limited (ASX:CNI)<br>Centuria Industrial REIT (ASX:CIP)<br>Centuria Office REIT (ASX:COF) | |
| Responsibilities | Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination & Remuneration Committee<br>Chairman of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk & Compliance Committee<br>Member of the Centuria Life Limited Board<br>Chairman of the Centuria Life Limited Audit Committee<br>Chairman of the Centuria Life Limited Risk & Compliance Committee<br>Member of the Centuria Life Limited Investment Committee<br>Member of the Centuria Property Funds Limited Board<br>Member of the Centuria Property Funds Limited Audit, Risk & Compliance Committee<br>Member of the Centuria Property Funds No. 2 Limited Board<br>Chairman of the Centuria Property Funds No. 2 Limited Audit, Risk & Compliance Committee | |
| Interests in CNI | Ordinary stapled securities | 1,506,182 |

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

<table>
<tr><td colspan="3">Mr Jason C. Huljich, B. Comm. Executive Director and Joint Chief Executive Officer</td></tr>
<tr><td>Experience and expertise</td><td colspan="2">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.<br><br>Jason is Joint CEO alongside John McBain, collectively overseeing more than $21 billion of assets under management.<br><br>Jason is chiefly responsible for the company’s real estate portfolio and funds management operations including the listed Centuria Industrial REIT (ASX: CIP) and Centurial Office REIT (ASX: COF), as well as Centuria’s extensive range of unlisted funds across Australia and New Zealand.<br><br>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.<br><br>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.<br><br>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.</td></tr>
<tr><td>Directorship of other listed companies</td><td colspan="2">Centuria Capital Limited (ASX:CNI)</td></tr>
<tr><td>Responsibilities</td><td colspan="2">Joint Chief Executive Officer<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee<br>Member of the Centuria Life Limited Board<br>Member of the Centuria Healthcare Pty Ltd Board</td></tr>
<tr><td rowspan="2">Interests in CNI</td><td>Ordinary stapled securities</td><td>6,446,081</td></tr>
<tr><td>Performance rights granted</td><td>2,628,925</td></tr>
</table>

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

| **Mr John E. McBain,** Dip. Urban Valuation. *Executive Director and Joint Chief Executive Officer* | | |
|---|---|---|
| Experience and expertise | 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.<br><br>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.<br><br>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.<br><br>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. | |
| Directorship of other listed companies | Centuria Capital Limited (ASX:CNI)<br>Asset Plus Limited (NZX: APL) | |
| Responsibilities | Joint Chief Executive Officer<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Life Limited Board<br>Member of the Centuria Life Limited Investment Committee<br>Member of the Centuria Healthcare Pty Ltd Board | |
| Interests in CNI | Ordinary stapled securities | 7,888,282 |
| | Performance rights granted | 2,628,925 |

| **Mr John R. Slater**, Dip.FS (FP), F Fin. *Independent Non-Executive Director* | | |
|---|---|---|
| Experience and expertise | John was appointed as a financial adviser to Centuria Life Limited in 2011 and as a member of its Board in 2013. On 22 May 2013, he was appointed as a Director of Centuria Capital Limited. He also serves on the Nomination & Remuneration Committee<br><br>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.<br><br>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 and the Over Fifty Guardian Friendly Society Limited. John continues to be active in investment committee activities in other non-aligned financial groups. | |
| Directorship of other listed companies | Centuria Capital Limited (ASX:CNI) | |
| Responsibilities | Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Audit, Risk & Compliance Committee<br>Member of the Centuria Capital Limited and Centuria Funds Management Limited Nomination & Remuneration Committee<br>Member of the Centuria Life Limited Board<br>Chair of the Centuria Life Limited Investment Committee | |
| Interests in CNI | Ordinary stapled securities | 3,110,677 |

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

| **Ms Susan L. Wheeldon**, MBA. *Independent Non-Executive Director* | | |
|---|---|---|
| Experience and expertise | 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.<br><br>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.<br><br>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.<br><br>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. | |
| Directorship of other listed companies | Centuria Capital Limited (ASX:CNI) | |
| Responsibilities | Member of the Centuria Capital Limited and Centuria Funds Management Limited Boards<br>Chair of the Centuria Capital Limited and Centuria Funds Management Limited Nomination & Remuneration Committee<br>Chair of the Centuria Capital Limited and Centuria Funds Management Limited Culture and ESG Committee | |
| Interests in CNI | Ordinary stapled securities | nil |

**Company secretary**

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

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

### Principal activities

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

### Significant changes and state of affairs

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

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

### Operating and financial review

The Fund's profit from continuing operations for the year ended 30 June 2023 was $73,732,000 (2022: loss of $56,727,000).

### Earnings per unit

| | 2023 Statutory | 2022 Statutory[i] |
|---|---|---|
| Basic earnings/(loss) per unit (cents/unit) | **9.2** | (7.9) |
| Diluted earnings/(loss) per unit (cents/unit) | **9.1** | (7.9) |

[i]As the Fund was in a statutory loss, the Diluted EPS is equal to Basic EPS.

### Distributions

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

| Distributions paid during the year | Cents per unit | Total amount $'000 | Date paid/payable |
|---|---|---|---|
| Final 2022 Trust distribution | 4.60 | 36,363 | 10 August 2022 |
| Interim 2023 Trust distribution | 4.60 | 36,634 | 9 February 2023 |
| **Distributions declared during the year** | | | |
| Final 2023 Trust distribution | 5.30 | 42,389 | 18 August 2023 |

### Responsible Entity interests

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

| | 2023 $ | 2022 $ |
|---|---|---|
| Management fees paid to Centuria Funds Management Limited | **200,000** | 200,000 |
| Management and custodian fees paid to Centuria Property Funds No. 2 Limited, Centuria Property Funds Limited and Centuria Healthcare Asset Management Limited | **-** | 874,531 |
| Management fees paid to Primewest P/Q Pty Ltd | **-** | 99,987 |
| | **200,000** | 1,174,518 |

### Events subsequent to the reporting date

There has not arisen in the interval between 30 June 2023 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

**Likely developments**

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

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

**Environmental regulation**

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

**Indemnification of officers and auditors**

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

**Rounding of amounts**

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

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

Mr Garry S. Charny
Director

Mr Peter J. Done
Director

Sydney
18 August 2023

KPMG

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

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

I declare that, to the best of my knowledge and belief, in relation to the audit of Centuria Capital Fund for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Paul Thomas

*Partner*

Sydney

18 August 2023

# Centuria Capital Fund
ACN 607 153 588

# Financial report
# 30 June 2023

## Contents

# Consolidated statement of comprehensive income

**For the year ended 30 June 2023**

| | Notes | **2023 $'000** | 2022 $'000 |
|---|---|---|---|
| Revenue | B1 | **107,595** | 105,058 |
| Share of net profit of equity accounted investments | E1 | **473** | 4,190 |
| Fair value movements of financial instruments and property | B2 | **185** | (135,641) |
| Expenses | B3 | **(460)** | (7,914) |
| Finance costs | B4 | **(34,061)** | (22,420) |
| **Net profit/(loss)** | | **73,732** | (56,727) |
| **Profit/(loss) is attributable to:** | | | |
| Centuria Capital Fund | | **73,732** | (62,232) |
| Non-controlling interests | | **-** | 5,505 |
| **Profit/(loss) after tax** | | **73,732** | (56,727) |
| **Other comprehensive income/(loss)** | | **-** | - |
| **Total comprehensive income/(loss) for the year** | | **73,732** | (56,727) |
| **Total comprehensive income/(loss) for the year is attributable to:** | | | |
| Centuria Capital Fund | | **73,732** | (62,232) |
| Non-controlling interests | | **-** | 5,505 |
| **Total comprehensive income/(loss)** | | **73,732** | (56,727) |
| **Profit/(loss) attributable to Centuria Capital Fund unitholder** | | **73,732** | (62,232) |

| | | **Cents** | Cents |
|---|---|---|---|
| **Earnings/(loss) per Centuria Capital Fund unit** | | | |
| Basic (cents per unit) | B5 | **9.2** | (7.9) |
| Diluted (cents per unit) | B5 | **9.1** | (7.9) |

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

# Consolidated balance sheet
**As at 30 June 2023**

| | Notes | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | | **58,235** | 23,768 |
| Receivables | C1 | **10,523** | 12,730 |
| Financial assets | C2 | **1,247,972** | 1,278,736 |
| Investment properties | C3 | **-** | 160,500 |
| Equity accounted investments | E1 | **61,547** | 46,764 |
| Other assets | | **1,460** | 1,409 |
| **Total assets** | | **1,379,737** | 1,523,907 |
| **Liabilities** | | | |
| Payables | C4 | **48,484** | 54,691 |
| Borrowings | C5 | **631,195** | 727,480 |
| **Total liabilities** | | **679,679** | 782,171 |
| **Net assets** | | **700,058** | 741,736 |
| **Equity** | | | |
| **Equity attributable to Centuria Capital Fund** | | | |
| Contributed equity | C6 | **1,034,792** | 1,025,584 |
| Accumulated losses | | **(334,734)** | (329,338) |
| **Total equity attributable to Centuria Capital Fund** | | **700,058** | 696,246 |
| **Equity attributable to external non-controlling interests** | | | |
| Contributed equity | | **-** | 12,789 |
| Retained earnings | | **-** | 32,701 |
| **Total equity attributable to external non-controlling interests** | | **-** | 45,490 |
| **Total equity** | | **700,058** | 741,736 |

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

# Consolidated statement of changes in equity

**For the year ended 30 June 2023**

| | Centuria Capital Fund | | | Non-controlling interests | | | |
|---|---|---|---|---|---|---|---|
| | Contributed equity $'000 | Accumulated losses $'000 | Equity attributable to Centuria Capital Fund unitholders $'000 | Contributed equity $'000 | Retained earnings $'000 | Total $'000 | Total equity $'000 |
| **Balance at 1 July 2022** | 1,025,584 | (329,338) | 696,246 | 12,789 | 32,701 | 45,490 | 741,736 |
| Profit for the year | - | 73,732 | 73,732 | - | - | - | 73,732 |
| **Total comprehensive income for the year** | **-** | **73,732** | **73,732** | **-** | **-** | **-** | **73,732** |
| Distributions paid/accrued | - | (79,128) | (79,128) | - | - | - | (79,128) |
| Stapled securities issued | 9,214 | - | 9,214 | - | - | - | 9,214 |
| Cost of equity raising | (6) | - | (6) | - | - | - | (6) |
| Deconsolidation of controlled property funds | - | - | - | (12,789) | (32,701) | (45,490) | (45,490) |
| **Balance at 30 June 2023** | **1,034,792** | **(334,734)** | **700,058** | **-** | **-** | **-** | **700,058** |

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

| | Centuria Capital Fund | | | Non-controlling interests | | | |
|---|---|---|---|---|---|---|---|
| | **Contributed equity $'000** | **Accumulated losses $'000** | **Equity attributable to Centuria Capital Fund unitholders $'000** | **Contributed equity $'000** | **Retained earnings $'000** | **Total $'000** | **Total equity $'000** |
| **Balance at 1 July 2021** | 1,018,822 | (196,107) | 822,715 | 31,790 | 30,126 | 61,916 | 884,631 |
| Loss for the year | - | (62,232) | (62,232) | - | 5,505 | 5,505 | (56,727) |
| **Total comprehensive income for the year** | **-** | **(62,232)** | **(62,232)** | **-** | **5,505** | **5,505** | **(56,727)** |
| Value differential on acquisition of Primewest Property Fund | - | (470) | (470) | - | - | - | (470) |
| Distributions paid/accrued | - | (70,529) | (70,529) | - | (3,891) | (3,891) | (74,420) |
| Units issued during the year | 7,106 | - | 7,106 | 3,085 | - | 3,085 | 10,191 |
| Cost of equity raising | (344) | - | (344) | - | - | - | (344) |
| Deconsolidation of controlled property funds | - | - | - | (22,086) | 961 | (21,125) | (21,125) |
| **Balance at 30 June 2022** | **1,025,584** | **(329,338)** | **696,246** | **12,789** | **32,701** | **45,490** | **741,736** |

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

# Consolidated statement of cash flows
**For the year ended 30 June 2023**

| | Notes | **2023 $'000** | 2022 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest received | | **38,694** | 702 |
| Rent received | | **-** | 16,023 |
| Distributions received | | **38,843** | 38,476 |
| Payments to suppliers | | **3,725** | (9,051) |
| Interest paid | | **(30,481)** | (15,209) |
| Other income | | **111** | 140 |
| **Net cash provided by operating activities** | D1 | **50,892** | 31,081 |
| | | | |
| **Cash flows from investing activities** | | | |
| Repayment of loans by related parties | | **98,761** | 56,726 |
| Proceeds from sale of related party investments | | **54,163** | 57,987 |
| Loans repaid by other parties | | **39,734** | - |
| Proceeds from the sale of equity accounted investments | | **32,337** | 8,234 |
| Deconsolidation of controlled property funds cash balance | | **(3,916)** | (4,962) |
| Redemption funds paid | | **(3,998)** | - |
| Loans to related parties | | **(17,499)** | - |
| Loans provided to other parties | | **(39,734)** | (190,886) |
| Purchase of equity accounted investments | | **(42,567)** | (22,749) |
| Purchase of investments in related parties | | **(52,108)** | (145,413) |
| Payments in relation to investment properties | | **-** | (1,152) |
| Proceeds from sale of investments | | **-** | 13,583 |
| Redemption funds received in advance | | **-** | 11,023 |
| **Net cash provided/(used) in investing activities** | | **65,173** | (217,609) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issues of units to unitholders of Centuria Capital Fund | | **9,214** | 6,762 |
| Equity raising costs paid | | **(6)** | - |
| Proceeds from borrowings | | **96,650** | 100,149 |
| Repayment of borrowings | | **(113,300)** | - |
| Distributions paid to unitholders of Centuria Capital Fund | | **(73,102)** | (59,239) |
| Distributions paid to non-controlling interests | | **-** | (3,820) |
| Costs paid to issue debt | | **(1,054)** | (1,808) |
| **Net cash (used)/provided by financing activities** | | **(81,598)** | 42,044 |
| | | | |
| **Net increase decrease in cash and cash equivalents** | | **34,467** | (144,484) |
| Cash and cash equivalents at the beginning of the financial period | | **23,768** | 168,252 |
| **Cash and cash equivalents at end of year** | | **58,235** | 23,768 |

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

# A About the report

## A1 General information

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

The Fund is a for-profit entity and its principal activities are holding direct interest in property funds and other liquid investments.

**Statement of compliance**

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

The consolidated financial statements of the Fund comprising the Centuria Capital Fund (as ‘Parent’) and its controlled entities for the year ended 30 June 2023 were authorised for issue by the Board of Directors of Centuria Funds Management Limited as the Responsible Entity on 18 August 2023.

The Fund was established on 20 July 2016.

**Basis of preparation**

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

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

**Rounding of amounts**

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

## A2 Significant accounting policies

The accounting policies and methods of computation in the preparation of the consolidated financial statements are consistent with those adopted in the previous financial year ended 30 June 2022 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated financial statements.

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

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

**Foreign currency transactions**

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

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

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

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

**Foreign operations**

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

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

## A3 Other new accounting standards and interpretations

The AASB has issued new or amendments to standards that are first effective from 1 July 2022.

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

*Standards now effective:*

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

*Standards not yet effective:*

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however, the Fund has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

• AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
• AASB 17 Insurance Contracts
• AASB 2020-5 Amendments to Australian Accounting Standards - Insurance Contracts
• AASB 2022-1 Amendments to Australian Accounting Standards - Initial application of AASB 17 and AASB 9 - Comparative Information
• AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates
• AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
• AASB 2021-7(a-c) Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
• AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

## A4 Use of judgements and estimates

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

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

• Note C2 Financial assets
• Note E1 Interests in associates
• Note F1 Financial instruments

## A5 Going concern

The Fund is in a net current liability position as at 30 June 2023 due to the majority of the payables balance pertaining to the year end distribution payable to its unitholders. The Fund has access to undrawn debt of $150,000,000.

The Fund is stapled to Centuria Capital Limited (CCL), together the Centuria Capital Group, under the terms of the stapling deed, each party guarantees the obligations and payables of each other and will provide financial accommodation to the other party.

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.

# B Business performance

## B1 Revenue

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| Interest revenue | **73,167** | 54,169 |
| Distribution revenue | **34,317** | 34,728 |
| Other income | **111** | 90 |
| Rent | **-** | 11,586 |
| Recoverable outgoings | **-** | 4,485 |
| | **107,595** | 105,058 |

### (a) Transactions with related parties

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Interest income on loan to Centuria Finance Pty Limited | **71,378,403** | 53,298,786 |
| Distributions from Property Funds managed by Centuria | **33,330,886** | 34,631,938 |
| Interest income on loan to Bass Property Credit Fund | **589,705** | - |
| Interest income on loans to Property Funds managed by Centuria | **297,056** | 796,301 |
| Interest income on loan to Centuria Bass Credit Fund | **98,533** | - |
| | **105,694,583** | 88,727,025 |

**Recognition and measurement**

Revenue is recognised over time if:

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

***(i)*** *Interest revenue*

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

***(ii)*** *Rent*

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

***(iii)*** *Recoverable outgoings*

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

Recoverable outgoings are recognised on an overtime basis under AASB 15.

***(iv)*** *Distribution revenue*

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

## B2 Fair value movements of financial instruments and property

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

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Movement in Centuria Industrial REIT's listed market price | **28,685** | (98,064) |
| Movement in Centuria Office REIT's listed market price | **(29,246)** | (50,987) |
| Other fair value movements | **746** | 13,410 |
| **Total fair value movement** | **185** | (135,641) |

## B3 Expenses

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Property outgoings and fund expenses | **366** | 7,389 |
| Consulting and professional fees | **92** | 298 |
| Other expenses | **2** | 61 |
| Corporate restructure and transaction costs | **-** | 166 |
| | **460** | 7,914 |

### (a) Transactions with related parties

| | **2023 $** | 2022 $ |
|---|---|---|
| Management fees paid to Centuria Funds Management Limited | **200,000** | 200,000 |
| Management and custodian fees paid to Centuria Property Funds No. 2 Limited, Centuria Property Funds Limited and Centuria Healthcare Asset Management Limited | **-** | 874,531 |
| Management fees paid to Primewest P/Q Pty Ltd | **-** | 99,987 |
| | **200,000** | 1,174,518 |

## B4 Finance costs

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Interest charges | **30,407** | 17,316 |
| Redemption premium - Class A Notes | **3,654** | 3,405 |
| Bank loans in Property Funds interest charges | **-** | 1,699 |
| | **34,061** | 22,420 |

**Recognition and measurement**

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

## B5 Earnings/(loss) per unit

| | **2023 Cents** | 2022 Cents |
|---|---|---|
| Basic earnings/(loss) per unit | **9.2** | (7.9) |
| Diluted earnings/(loss) per unit(i) | **9.1** | (7.9) |

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

(i)As the Fund was in a statutory loss, the prior period Diluted EPS is equal to Basic EPS.

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

| | **2023** | 2022 |
|---|---|---|
| Weighted average number of ordinary units (basic) | **797,325,988** | 791,188,235 |
| Weighted average number of ordinary units (diluted)(i) | **808,051,046** | 800,319,140 |

(i)The weighted average number of ordinary units used in the calculation of diluted earnings per unit is determined as if 30 June 2023 was the end of the performance period of the grants of Rights under the LTI plan issued by Centuria Capital Group. All Rights that would have vested if 30 June 2023 was the end of the performance period are deemed to have been issued at the start of the financial year.

## B6 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.

## B7 Distributions

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Cents per unit** | **Total $'000** | Cents per unit | Total $'000 |
| **Distributions paid during the year** | | | | |
| Final year-end distribution | **4.60** | **36,363** | 3.40 | 20,408 |
| Interim distribution | **4.60** | **36,634** | 4.30 | 33,977 |
| **Distributions declared during the year** | | | | |
| Final distribution - Centuria Capital Fund (i) | **5.30** | **42,389** | 4.60 | 36,363 |

(i) The Fund declared a final distribution in respect of the year ended 30 June 2023 of 5.3 cents per unit. The final distribution had a record date of 30 June 2023 to be subsequently paid on 18 August 2023. The total amount payable of $42,389,000 (2022: $36,363,000) has been provided as a liability in these financial statements.

In addition to the distributions paid to Centuria Capital Fund unitholders, the Fund paid distributions of $nil (2022: $3,820,000) to non-controlling interests.

# C Assets and liabilities

## C1 Receivables

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Receivables from related parties (refer to note C1(a)) | **10,513** | 12,118 |
| Other receivables | **10** | 612 |
| | **10,523** | 12,730 |

All receivables are classified as current.

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

### (a) Receivables from related parties

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

| | 2023 $ | 2022 $ |
|---|---|---|
| Distribution receivable from Centuria Industrial REIT | **3,956,547** | 4,279,345 |
| Distribution receivable from Centuria Office REIT | **3,131,257** | 3,686,445 |
| Receivable from property funds managed by Centuria | **1,934,170** | 2,977,862 |
| Distribution receivable from unlisted property funds managed by Centuria | **1,037,554** | 892,082 |
| Intercompany receivables from entities within Centuria Capital Group | **452,528** | 40,435 |
| Redemption receivable of property funds managed by Centuria | **-** | 241,642 |
| | **10,512,056** | 12,117,811 |

**Recognition and measurement**

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

## C2 Financial assets

| | Notes | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| Investment in related party unit trusts | C2(a) | **530,267** | 514,941 |
| Loans receivable from related parties - Non-current | C2(b) | **715,292** | 761,092 |
| Investments in trusts and other financial assets | | **2,413** | 2,703 |
| | | **1,247,972** | 1,278,736 |

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

## C2 Financial assets (continued)

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

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

| | 2023 Fair value $ | 2023 Units held | 2023 Ownership % | 2022 Fair value $ | 2022 Units held | 2022 Ownership % |
|---|---|---|---|---|---|---|
| **Financial assets held by the Fund** | | | | | | |
| Centuria Industrial REIT | **306,632,424** | **98,913,685** | **15.58%** | 277,947,455 | 98,913,685 | 15.59% |
| Centuria Office REIT | **121,697,089** | **88,829,992** | **14.87%** | 151,010,986 | 88,829,992 | 14.87% |
| Centuria Healthcare Direct Medical Fund No. 2 | **23,423,708** | **18,673,473** | **12.04%** | 25,483,689 | 18,673,473 | 12.04% |
| Prime Healthcare Holding Trust | **22,347,535** | **22,392,320** | **10.00%** | 21,500,000 | 21,500,000 | 10.00% |
| Matrix Trust | **13,435,129** | **12,803,849** | **5.00%** | 11,092,900 | 9,313,938 | 5.00% |
| Centuria 111 St. Georges Terrace Fund | **13,155,329** | **3,485,539** | **18.06%** | - | - | 0% |
| Dragon Hold Trust | **13,135,312** | **969,622,257** | **10.00%** | 9,696,223 | 969,622,257 | 10.00% |
| Centuria Wholesale Agricultural Trust No. 2 [(i)] | **4,659,877** | **4,324,000** | **12.64%** | 6,775,000 | 6,775,000 | 19.81% |
| Pialba Place Trust | **3,660,653** | **5,129,345** | **23.32%** | 4,375,331 | 5,129,345 | 23.32% |
| Centuria Healthcare Aged Care Property Fund No. 1 | **3,599,019** | **5,513,559** | **9.21%** | 2,954,165 | 5,513,559 | 9.21% |
| Centuria Industrial Income Fund No. 2 | **3,563,945** | **3,563,945** | **15.88%** | - | - | 0% |
| Centuria Government Income Property Fund | **662,845** | **643,539** | **0.48%** | 643,539 | 643,539 | 0.64% |
| Centuria ATP Fund | **226,864** | **104,545** | **0.17%** | - | - | 0% |
| 25 Grenfell St Fund | **42,811** | **40,010** | **0.08%** | 40,010 | 40,010 | 0.08% |
| Centuria Life Goals - Various Funds | **24,096** | **23,499** | **0%** | 14,096 | 13,499 | 0% |
| Centuria Large Format Retail Trust No. 2[(ii)] | **-** | **-** | **0%** | 3,407,300 | 3,097,546 | 7.29% |
| Northgate Geraldton Trust | **-** | **-** | **0%** | 10 | 10 | 0% |
| | **530,266,636** | | | 514,940,704 | | |

[(i)] The fund was previously known as Primewest Agriculture No. 2 Fund
[(ii)] The fund was previously known as Primewest Large Format Retail Trust No. 2

## C2 Financial assets (continued)

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

| Related party unit trusts carried at fair value through profit and loss | **2023 $** | 2022 $ |
|---|---|---|
| Opening balance | **514,940,704** | 554,499,497 |
| Investments purchased | **52,108,358** | 149,400,780 |
| Disposal | **(54,163,653)** | (53,472,092) |
| Fair value gain/(loss) | **184,716** | (143,514,001) |
| Carrying value transferred from equity accounted investments | **17,196,511** | 8,026,520 |
| | **530,266,636** | 514,940,704 |

### (b) Loans receivable from related parties

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

| | **2023 $** | 2022 $ |
|---|---|---|
| Centuria Finance Pty Limited | **715,291,810** | 761,091,898 |
| | **715,291,810** | 761,091,898 |

| | **2023 $** | 2022 $ |
|---|---|---|
| Opening balance | **761,091,898** | 317,790,943 |
| Drawdowns | **12,050,000** | 407,502,000 |
| Capitalised interest | **71,378,403** | 53,298,955 |
| Repayments | **(129,228,491)** | (17,500,000) |
| **Closing balance** | **715,291,810** | 761,091,898 |

$715,291,810 of the loan to Centuria Finance Pty Limited has a maturity date that is the earliest of 20 July 2031 or such other date as the Fund and borrower may agree in writing.

**Recognition and measurement**

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

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

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

AASB 9 contains three principal classification categories for financial assets:

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

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

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

## C2 Financial assets (continued)

**Recognition and measurement (continued)**

*(i) Financial assets at amortised cost*

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

*(ii) Recoverability of loans and receivables*

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

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

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

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

*(iii) Financial assets at FVTPL*

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

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

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

## C3 Investment properties

| | **30 June 2023 $'000** | 30 June 2022 $'000 |
|---|---|---|
| 111 St Georges Terrace, Perth WA | **-** | 160,500 |
| | **-** | 160,500 |

| | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Opening Balance | **160,500** | 208,140 |
| Capital improvements and associated costs | **-** | 384 |
| Deconsolidation of controlled property funds | **(160,500)** | (49,140) |
| Gain on fair value | **-** | 2,251 |
| Change in deferred rent and lease incentives | **-** | (1,135) |
| **Closing balance** | **-** | 160,500 |

Investment properties are classified as non-current.

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

## C4 Payables

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Distribution Payable | **42,389** | 36,363 |
| Sundry creditors [(i)] | **6,056** | 17,638 |
| Accrued expenses | **39** | 690 |
| | **48,484** | 54,691 |

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

**Recognition and measurement**

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

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

## C5 Borrowings

| | Notes | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| Class A Redeemable preference units | C5(a) | **255,702** | 252,049 |
| Secured listed redeemable notes | C5(b) | **198,693** | 198,693 |
| Floating rate secured notes | C5(c) | **80,000** | 96,650 |
| Fixed rate secured notes | C5(c) | **100,553** | 100,553 |
| Secured bank loans in Controlled Property Funds | C5(d) | **-** | 84,044 |
| Borrowing costs capitalised | | **(3,753)** | (4,509) |
| | | **631,195** | 727,480 |

| | 2023 $ | 2022 $ |
|---|---|---|
| Opening balance | **727,479,583** | 397,427,748 |
| Drawdowns | **96,650,000** | 348,643,420 |
| Repayments | **(113,300,000)** | - |
| Movement in Controlled Property Funds | **(84,043,531)** | (22,461,673) |
| Capitalised interest | **3,653,552** | 3,405,399 |
| Amortisation | **755,818** | 464,689 |
| **Closing balance** | **631,195,422** | 727,479,583 |

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

### (a) Class A Redeemable preference units

On 20 July 2021, a subsidiary of the Fund (Primewest Property Fund) issued $248,643,420 of Class A redeemable preference units to Centuria Capital Limited with a fixed interest rate of 1.44%, which are due to mature on 20 July 2031. The Class A redeemable preference units are considered to be equity in legal form but debt under the accounting standards as the units attract a redemption premium, representing a contractual obligation to deliver cash. These units do not have rights to participate in any distributions of income and attract no voting rights.

### (b) Secured listed redeemable notes

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

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

## C5 Borrowings (continued)

### (c) Secured notes

| Fixed | Classification | Coupon Rate | Due Date | Total facility $'000 | Facility available $'000 | 2023 $'000 | 2022 $'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 |

| Floating | Classification | Coupon Rate | Due Date | Total facility $'000 | Facility available $'000 | 2023 $'000 | 2022 $'000 |
|---|---|---|---|---|---|---|---|
| Tranche 4 | Current | BBSW +4.25% | 21 Apr 2023 | - | - | **-** | 35,000 |
| Tranche 6 | Current | BBSW +4.50% | 21 Apr 2024 | - | - | **-** | 31,650 |
| Tranche 8 | Non-current | BBSW +3.35% | 25 Mar 2025 | 30,000 | - | **30,000** | 30,000 |
| Revolver A | Non-current | BBSY +2.25% | 16 Dec 2024 | 100,000 | 100,000 | **-** | - |
| Revolver B | Non-current | BBSY +2.45% | 30 Jun 2027 | 50,000 | 50,000 | **-** | - |
| Term Loan | Non-current | BBSY +2.60% | 6 Apr 2028 | 50,000 | | **50,000** | |
| | | | | 230,000 | 150,000 | **80,000** | 96,650 |

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

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

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

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

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

### (d) Secured bank loans in Controlled Property Funds

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

#### Recognition and measurement

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

## C6 Contributed equity

| | 2023 No. of securities | 2023 $'000 | 2022 No. of securities | 2022 $'000 |
|---|---|---|---|---|
| Opening balance | **792,787,120** | **1,025,584** | 787,802,693 | 1,018,822 |
| Equity settled share based payment expense | **700,375** | **-** | 2,367,418 | - |
| Units issued | **6,309,299** | **9,214** | 2,617,009 | 6,636 |
| Cost of equity raising | **-** | **(6)** | - | (344) |
| Change in value of units issued | **-** | **-** | - | 470 |
| | **799,796,794** | **1,034,792** | 792,787,120 | 1,025,584 |

The Fund issued 117,970 stapled securities on 1 July 2022 in relation to the employee incentive scheme.

The Fund issued 2,792,516 stapled securities on 11 August 2022 in relation to the distribution reinvestment plan undertaken for the 2022 final distribution.

The Fund issued 3,398,813 stapled securities on 9 February 2023 in relation to the distribution reinvestment plan undertaken for the 2023 interim distribution.

**Recognition and measurement**

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

# D Cash flows

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

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Profit/(loss) for the year | **73,732** | (56,727) |
| **Add (deduct) non-cash items:** | | |
| Loss on investment property | **-** | (2,251) |
| Equity accounted profit in excess of distributions paid | **2,980** | 672 |
| Fair value movement of financial instruments | **(185)** | 137,893 |
| Non-cash interest capitalised on related party loan | **(30,819)** | (49,842) |
| Amortisation of borrowing costs | **1,810** | 2,195 |
| Amortisation of lease incentives | **-** | 1,789 |
| Decrease in accrued interest | **(1,884)** | - |
| **Changes in net assets and liabilities:** | | |
| **(Increase)/decrease in assets:** | | |
| Increase in receivables | **970** | (2,425) |
| **Increase/(decrease) in liabilities:** | | |
| Increase/(decrease) in other payables | **4,288** | (223) |
| **Net cash flows provided by operating activities** | **50,892** | 31,081 |

**Recognition and measurement**

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

# E Group Structure

## E1 Interests in associates

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

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

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 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 |
| Fair value transferred from consolidated property funds | - | - | - | - | 24,730 | 24,730 |
| Acquisition of Investments | - | - | 31,638 | 10,929 | - | 42,567 |
| Disposal of investments | (1,000) | (150) | (13,513) | (5,164) | (12,510) | (32,337) |
| Distributions received/receivable | (1,961) | (403) | (926) | (148) | (15) | (3,453) |
| Share of net profit after tax | (200) | 71 | 1,227 | (815) | 190 | 473 |
| 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)

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

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

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

[(ii)] The fund was previously known as Primewest Agriculture No. 2 Fund

## E1 Interests in associates (continued)

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

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

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

## E1 Interests in associates (continued)

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

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

## E2 Interests in subsidiaries

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

| Name of subsidiary | Ownership interest % 30 June 2023 | Ownership interest % 30 June 2022 |
|---|---|---|
| Centuria Capital Health Fund | **100%** | 100% |
| 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 No. 2 Fund | **100%** | 100% |
| Centuria Capital No. 2 Industrial Fund | **100%** | 100% |
| Centuria Capital No. 2 Office Fund | **100%** | 100% |
| Centuria Capital No. 3 Fund | **100%** | 100% |
| Centuria Capital No. 4 Fund | **100%** | 100% |
| Centuria Capital No. 5 Fund | **100%** | 100% |
| Centuria Capital No. 6 Fund | **100%** | 100% |
| Centuria Capital No. 7 Fund | **100%** | 100% |
| Centuria Capital No. 8 Fund | **100%** | 100% |
| Centuria Capital No. 9 (PW) Fund (Formerly known as Primewest Property Fund) | **100%** | 100% |
| Centuria Lane Cove Debt Fund | **100%** | 100% |
| Primewest 140 SGT Trust | **100%** | 100% |
| Centuria 111 St Georges Terrace Fund* | **0%** | 42% |

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

**Recognition and measurement**

***(i)*** *Basis of consolidation*

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

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

## E3 Parent entity disclosure

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

| | 2023 | 2022 |
|---|---|---|
| **Result of parent entity** | **$'000** | $'000 |
| Profit or loss for the year | **75,327** | 72,511 |
| Total comprehensive income for the year | **75,327** | 72,511 |
| | | |
| **Financial position of parent entity at year end** | | |
| Total assets | **823,963** | 811,320 |
| Total liabilities | **(43,739)** | (36,465) |
| **Net assets** | **780,224** | 774,855 |

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

| | | |
|---|---|---|
| **Total equity of the parent entity comprising of:** | | |
| Share capital | **1,034,792** | 1,025,584 |
| Accumulated losses | **(254,568)** | (250,729) |
| **Total equity** | **780,224** | 774,855 |

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

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

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

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

# F Other

## F1 Financial instruments

**(a) Management of financial instruments**

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

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

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

**(b) Capital risk management**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## F1 Financial instruments (continued)

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

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

| 30 June 2023 | Measurement basis | Fair value hierarchy | Carrying amount $'000 | Fair value $'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | **Amortised cost** | **Not applicable** | **58,235** | **58,235** |
| Receivables | **Amortised cost** | **Not applicable** | **10,523** | **10,523** |
| Financial assets | **Fair value** | **Level 1** | **430,395** | **430,395** |
| Financial assets | **Fair value** | **Level 2** | **102,285** | **102,917** |
| Financial assets | **Amortised cost** | **Not Applicable** | **715,292** | **715,292** |
| | | | **1,316,730** | **1,317,362** |
| **Financial liabilities** | | | | |
| Payables | **Amortised cost** | **Not applicable** | **48,484** | **48,484** |
| Borrowings (net of borrowing costs) | **Amortised cost** | **Not applicable** | **631,195** | **523,666** |
| | | | **679,679** | **572,150** |

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

| 30 June 2022 | Measurement basis | Fair value hierarchy | Carrying amount $'000 | Fair value $'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | Amortised cost | Not applicable | 23,768 | 23,768 |
| Receivables | Amortised cost | Not applicable | 12,730 | 12,730 |
| Financial assets | Fair value | Level 1 | 431,676 | 431,676 |
| Financial assets | Fair value | Level 2 | 85,968 | 85,968 |
| Financial assets | Amortised cost | Not applicable | 761,092 | 761,092 |
| | | | 1,315,234 | 1,315,234 |
| **Financial liabilities** | | | | |
| Payables | Amortised cost | Not applicable | 54,691 | 54,691 |
| Borrowings (net of borrowing costs) | Amortised cost | Not applicable | 727,480 | 611,123 |
| Total | | | 782,171 | 665,814 |

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

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

### (d) Credit risk

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

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

*(i) Credit risk on other financial assets*

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

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

## F1 Financial instruments (continued)

**(e) Liquidity risk**

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

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

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

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

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

| Non-derivative financial liabilities | On Demand $'000 | Less than 3 months $'000 | 3 months to 1 year $'000 | 1-5 years $'000 | 5+ years $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Borrowings | **-** | **6,974** | **52,457** | **404,061** | **286,860** | **750,352** |
| Payables | **-** | **48,484** | **-** | **-** | **-** | **48,484** |
| **Total** | **-** | **55,458** | **52,457** | **404,061** | **286,860** | **798,836** |
| **2022** | | | | | | |
| Borrowings | - | 6,225 | 21,544 | 544,748 | 283,011 | 855,528 |
| Payables | - | 54,691 | - | - | - | 54,691 |
| **Total** | - | 60,916 | 21,544 | 544,748 | 283,011 | 910,219 |

**(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 $53.3 million (2022: $51.8 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 |
|---|---|---|---|---|
| **2023** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | **4.25%** | **58,235** | **-** | **58,235** |
| Other interest bearing loans | **11.54%** | **717,261** | **-** | **717,261** |
| Total financial assets | | **775,496** | **-** | **775,496** |
| **Financial liabilities** | | | | |
| Borrowings | **7.55%** | **(274,940)** | **(100,553)** | **(375,493)** |
| Related party loan | **1.44%** | **-** | **(255,702)** | **(255,702)** |
| Total financial liabilities | | **(274,940)** | **(356,255)** | **(631,195)** |
| Net interest bearing financial liabilities | | **500,556** | **(356,255)** | **144,301** |

| | Weighted average effective interest rate | Variable rate $'000 | Fixed rate $'000 | Total $'000 |
|---|---|---|---|---|
| **2022** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 0.10% | 23,768 | - | 23,768 |
| Other interest bearing loans | 8.75% | - | 761,092 | 761,092 |
| Total financial assets | | 23,768 | 761,092 | 784,860 |
| **Financial liabilities** | | | | |
| Borrowings | 5.23% | (374,878) | (100,553) | (475,431) |
| Related party loan | 1.44% | - | (252,049) | (252,049) |
| Total financial liabilities | | (374,878) | (352,602) | (727,480) |
| Net interest bearing financial liabilities | | (351,110) | 408,490 | 57,380 |

***(iii)*** *Interest rate sensitivity*

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

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

| | **Change in variable** | | **Effect on profit** | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023 $'000** | 2022 $'000 |
| **Consolidated** | | | | |
| Interest rate risk | **+1.00%** | +1.00% | **5,006** | (3,556) |
| **Consolidated** | | | | |
| Interest rate risk | **-1.00%** | -1.00% | **(5,006)** | 3,556 |

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

## F2 Remuneration of auditors

Amounts received or due and receivable by KPMG:

| | 2023 $ | 2022 $ |
|---|---|---|
| Audit and review of the financial report | **18,095** | 16,833 |

## F3 Key management personnel

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

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

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

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

## F4 Events subsequent to the reporting date

There has not arisen in the interval between 30 June 2023 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial periods.

# Directors' declaration

In the opinion of the Directors' of Centuria Funds Management Limited as the Responsible Entity of Centuria Capital Fund:

(a) the consolidated financial statements and notes set out on pages 11 to 39, are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

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

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

Mr Garry S. Charny
Director

Mr Peter J. Done
Director

Sydney
18 August 2023

# Independent Auditor's Report

## To the unitholders of Centuria Capital Fund

### Opinion

We have audited the ***Financial Report*** of Centuria Capital Fund (the Fund Financial Report).

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

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

The ***Financial Report*** of the Fund comprises:

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

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

### Basis for opinion

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

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

We are independent of the Group and Centuria Funds Management Limited (the Responsible Entity 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.

## Other Information

Other Information is financial and non-financial information in Centuria Capital Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

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

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

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

## Responsibilities of the Directors for the Financial Report

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

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

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

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Paul Thomas

*Partner*

Sydney

18 August 2023

# Additional stock exchange information

The unitholder information set out below was applicable as at 18 July 2023.

## Distribution of units

Analysis of numbers of unitholders by size of holding:

| Holding | Total holders | Units |
|---|---|---|
| 1 - 1000 | 1,821 | 829,093 |
| 1,001 - 5,000 | 4,652 | 11,857,395 |
| 5,001 - 10,000 | 1,524 | 10,962,589 |
| 10,001 - 100,000 | 1,865 | 50,442,193 |
| 100,001 and over | 223 | 725,499,045 |
| | 10,085 | 799,590,315 |

There are 570 unit holders each with an unmarketable parcel of units being a holding of 297 or less, for a combined total of 69,487 units.

## Top 20 unitholders

The names of the twenty largest unitholders are listed below:

| | Number held | Percentage of issued units |
|---|---|---|
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 197,343,082 | 24.68 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 144,414,048 | 18.06 |
| CITICORP NOMINEES PTY LIMITED | 75,020,333 | 9.38 |
| NATIONAL NOMINEES LIMITED | 31,346,877 | 3.92 |
| PENTEK HOLDINGS PTY LTD <J LITIS INV NO 2 A/C> | 32,862,905 | 4.11 |
| CIRCLESTAR PTY LTD <DAVID SCHWARTZ FAM HOLD A/C> | 28,377,402 | 3.55 |
| BNP PARIBAS NOMS PTY LTD <DRP> | 22,268,627 | 2.79 |
| MR PETER KARL CHRISTOPHER HULJICH & MR JOHN HAMISH BONSHAW IRVING <THE PKCH A/C> | 16,566,486 | 2.07 |
| TOPSFIELD PTY LTD <JB INVESTMENT A/C> | 15,826,336 | 1.98 |
| MR C P HULJICH & MRS C M F HULJICH & P K C HULJICH <THE CPH A/C> | 14,890,525 | 1.86 |
| GH 2016 PTY LTD <HARVEY 2006 OPTION A/C> | 10,307,088 | 1.29 |
| CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C> | 6,677,169 | 0.84 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C> | 6,331,270 | 0.79 |
| HWM (NZ) HOLDINGS LIMITED | 6,302,970 | 0.79 |
| PARITAI PTY LIMITED <PARITAI A/C> | 6,192,811 | 0.77 |
| MR JASON TIMOTHY KILGOUR & MR VAUGHAN CHARLES ATKIN <E A HULJICH FAMILY A/C> | 4,822,493 | 0.60 |
| RESOLUTE FUNDS MANAGEMENT <HANOVER GRP STAFF SUPER A/C> | 4,344,364 | 0.54 |
| CHARTER HALL WHOLESALE MANAGEMENT LTD <CH DEEP VALUE AREIT P/SHIP> | 4,000,000 | 0.50 |
| MARK EDWARD FRANCIMR PAT REDPATH O'CONNOR | 3,700,000 | 0.46 |
| RESOLUTE FUNDS MANAGEMENT <THE MCBAIN FAMILY A/C> | 3,466,036 | 0.43 |
| | 635,060,822 | 79.41 |

## Substantial holders

Substantial holders in the Fund are set out below as at 18 July 2023:

| | Number held | Percentage of units held |
|---|---|---|
| The Vanguard Group, Inc | 63,340,821 | 7.91% |
| BlackRock Group | 43,584,931 | 5.45% |
| | 106,925,752 | 13.36% |

## Voting rights

All ordinary units carry one vote per unit without restriction.