

## **Centuria Capital Group Interim Financial Report for the half year ended 31 December 2021**

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.

# Centuria Capital Group

## Interim Financial Report - 31 December 2021

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These consolidated interim financial statements are the interim financial statements of the consolidated entity consisting of Centuria Capital Limited and its subsidiaries. The interim 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 interim financial statements were authorised for issue by the Directors on 9 February 2022.

## Directors' report

The Directors of Centuria Capital Limited (the 'Company') present their interim report together with the interim financial statements of the Company and its controlled entities (the 'Group') for the half year ended 31 December 2021 and the auditor's review 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 are a single security under the ticker code 'CNI'.

### Directors

The following persons were Directors of the Company during the whole of the half year and up to the date of this report:

Director	Role	Appointment Date	Resignation Date
Mr Garry S. Charny	Independent Non-Executive Director and Chairman	23 February 2016	
Mr Peter J. Done	Independent Non-Executive Director	28 November 2007	
Mr John R. Slater	Independent Non-Executive Director	22 May 2013	
Ms Susan Wheeldon	Independent Non-Executive Director	31 August 2016	
Mr Kirstie Brown	Independent Non-Executive Director	15 February 2021	
Mr Nicholas R. Collishaw	Non-Executive Director	27 August 2013	30 August 2021
Mr John E. McBain	Executive Director and Joint Chief Executive Officer	10 July 2006	
Mr Jason C. Huljich	Executive Director and Joint Chief Executive Officer	28 November 2007	

### Operating and financial review

The Group recorded a consolidated statutory net profit after tax for the half year of \$112,687,000 (half year ended 31 December 2020: \$42,754,000). Statutory net profit after tax has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards.

The Group recorded an operating profit after tax for the half year of \$58,712,000 (half year ended 31 December 2020: \$34,025,000). Operating profit after tax excludes non-operating items such as transaction costs and fair value movements and share of net profit of equity accounted investments in excess of distributions received.

The Segment profit or loss in Note B1 has a detailed breakdown of the composition of operating profit and statutory profit. The Segment summary disclosure in Note A5 provides a detailed summary of the Group's segments and further detail of what is considered operating and non-operating segments.

Eliminations between the operating and non-operating segment largely relate to elimination of inter-group revenues and expenses between the benefit funds, controlled property funds and the Group. Fair value movements of financial instruments and property are also eliminated which relate to movements in fair value of underlying properties in the controlled property funds to appropriately reflect the consolidated results of the controlled property funds.

The table below provides a summarised reconciliation from Statutory Profit after tax to Operating Profit after tax.

	31 December 2021 \$'000	31 December 2020 \$'000
<b>Reconciliation of statutory profit to operating profit</b>		
Statutory profit after tax	112,687	42,754
<i>Statutory earnings per Centuria Capital Group security (EPS) (cents)</i>	13.8	7.5
<b>Less non-operating items:</b>		
Unrealised gain on fair value movements in derivatives, property and investments	(47,793)	(9,036)
Seed capital writeback	(957)	-
Corporate restructure, transaction and other costs	911	1,013
Profit attributable to controlled property funds	(5,785)	(4,145)
Eliminations between the operating and non-operating segment	568	3,048
Equity accounting adjustments	753	196
Tax impact of above non-operating adjustments	(1,672)	195
<b>Operating profit after tax</b>	<b>58,712</b>	<b>34,025</b>
<i>Operating EPS (cents)</i>	<b>7.4</b>	<b>6.2</b>

**Operating and financial review (continued)**

Operating profit after tax provides an assessment of performance of the Group aligned with the reporting to the Group's Joint CEOs for resource allocation purposes.

Operational highlights for the key divisions were as follows:

Segment	Operating profit after tax for the half year \$'000		Increase/ Decrease	%	Highlights
	31 December 2021	31 December 2020			
Property Funds Management	39,746	21,365	18,381	86	(a)
Co-Investments	13,717	11,446	2,271	20	(b)
Developments	1,889	2,093	(204)	(10)	(c)
Property and Development Finance	1,353	-	1,353	-	(d)
Investment Bonds Management	2,944	372	2,572	691	(e)
Corporate	(937)	(1,251)	314	25	
<b>Operating profit after tax</b>	<b>58,712</b>	<b>34,025</b>	<b>24,687</b>	<b>73</b>	

**(a) Property Funds Management**

For the half year ended 31 December 2021, Property Funds Management operating NPAT of \$39,746,000 was higher than the previous half year ended 31 December 2020 by \$18,381,000. This increase is primarily due to higher acquisition fees and timing of performance fees compared to the previous corresponding period.

For the half year ended 31 December 2021, excluding the after tax impact of performance fees, the Property Funds Management segment profit increased by \$14,555,000 or 123% reflecting the growth in AUM and six months since acquiring Primewest Group Limited.

**(b) Co-Investments**

For the half year ended 31 December 2021, the Co-Investments segment operating profit after tax increased by \$2,271,000 which is mainly due to higher distribution income from additional co-investment stakes in Centuria Industrial REIT (CIP) during the half-year ended 31 December 2021.

During the current half year, the Group's ownership stakes in Centuria Office REIT (COF) decreased to 16.45% and CIP decreased to 16.19% due to the Group not fully participating in all equity raises/rights issue despite additional units purchased in the funds. The operating profit after tax for the Co-Investments segment represents the distributions and returns generated from those investments after the applicable financing costs.

**(c) Developments**

For the half year ended 31 December 2021, the Developments segment operating net profit after tax decreased by \$204,000 to \$1,889,000. This was primarily due to the completion in the prior year of the four social affordable housing dwellings in the greater Newcastle, NSW area, entered into in 2019 and the transition into a development management fee model.

**(d) Property and Development Finance**

For the half year ended 31 December 2021, the Property and Development Finance operating segment net profit after tax was \$1,353,000. This segment was created from the Group's acquisition of 50% interest in Bass Capital Partners Pty Ltd (Centuria Bass), a real estate debt fund provider on 22 April 2021.

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 half year ended 31 December 2021, the Investment Bond Management segment's operating profit after tax increased by \$2,572,000 to \$2,944,000 mainly due to the Capital Guaranteed product rebates no longer required as a result of transitioning into unitised products.

Operating and financial review (continued)

Earnings per security (EPS)

	31 December 2021		31 December 2020	
	Operating	Statutory	Operating	Statutory
Basic EPS (cents/security)	7.4	13.8	6.2	7.5
Diluted EPS (cents/security)	7.4	13.7	6.1	7.4

Dividends and Distributions

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

	Cents per security	Total amount \$'000	Date paid/payable
<b>Dividends/distributions paid during the half year</b>			
Final 2021 dividend (100% franked)	2.10	12,605	30 July 2021
Final 2021 Trust distribution	3.40	20,408	30 July 2021
<b>Dividends/distributions declared during the half year</b>			
Interim 2022 dividend (100% franked)	1.20	9,482	9 February 2022
Interim 2022 Trust distribution	4.30	33,977	9 February 2022

Events subsequent to the reporting date

On 12 January 2022, the Group acquired 50% interest in agricultural estate, Warragul, VIC. The Group has an obligation to acquire the remaining interest on the same terms within a six-month period from Flavorite Group. The asset is leased to a division of Flavorite Group on 20-year sale-and-leaseback.

On 21 January 2022, the Group acquired 25 Grenfell Street, Adelaide SA in a 50:50 joint venture with MA Financial Group Limited with a final payment of \$41,650,000.

Other than the above, there has not arisen in the interval between 31 December 2021 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 years.

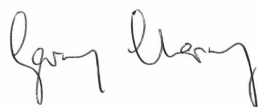
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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 interim financial statements. Amounts in the Directors' Report and interim financial statements have been rounded off, in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

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



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
9 February 2022



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

To the Directors of Centuria Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Centuria Capital Limited (as deemed parent presenting the stapled security arrangement of the Centuria Capital Group) for the half-year ended 31 December 2021 there have been:

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

KPMG

Paul Thomas

*Partner*

Sydney

9 February 2022

# Centuria Capital Group

Interim financial report - 31 December 2021

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# Consolidated interim statement of comprehensive income

For the half year ended 31 December 2021

		31 December 2021	31 December 2020
	Notes	\$'000	\$'000
Revenue	B1, B2	141,287	116,335
Share of net profit of equity accounted investments	E1	2,181	608
Net movement in policyholder liability		6,755	(3,293)
Fair value movements of financial instruments and property		58,788	21,702
Expenses	B3	(68,617)	(44,459)
Cost of sales		-	(29,248)
Finance costs	B4	(14,350)	(9,083)
<b>Profit before tax</b>		<b>126,044</b>	<b>52,562</b>
Income tax expense		(13,357)	(9,808)
<b>Profit after tax</b>		<b>112,687</b>	<b>42,754</b>
<b>Profit after tax is attributable to:</b>			
Centuria Capital Limited		25,518	15,240
Centuria Capital Fund (non-controlling interests)		83,751	26,148
External non-controlling interests		3,418	1,366
<b>Profit after tax</b>		<b>112,687</b>	<b>42,754</b>
<b>Other comprehensive income</b>			
Foreign currency translation reserve		2,295	646
<b>Total comprehensive income for the period</b>		<b>114,982</b>	<b>43,400</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Centuria Capital Limited		27,813	15,362
Centuria Capital Fund (non-controlling interests)		83,751	26,672
External non-controlling interests		3,418	1,366
<b>Total comprehensive income</b>		<b>114,982</b>	<b>43,400</b>
<b>Total comprehensive income for the period is attributable to Centuria Capital Group securityholders:</b>			
Centuria Capital Limited		25,518	14,716
Centuria Capital Fund (non-controlling interests)		83,751	26,672
<b>Total comprehensive income for the period is attributable to Centuria Capital Group securityholders</b>		<b>109,269</b>	<b>41,388</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per Centuria Capital Group security</b>			
Basic (cents per stapled security)		13.8	7.5
Diluted (cents per stapled security)		13.7	7.4
<b>Earnings per Centuria Capital Limited share</b>			
Basic (cents per share)		3.2	2.8
Diluted (cents per share)		3.2	2.7

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



# Consolidated interim statement of financial position

As at 31 December 2021

	31 December 2021	30 June 2021
Notes	\$'000	\$'000
Cash and cash equivalents	<b>293,142</b>	273,351
Receivables	C2 <b>141,301</b>	127,197
Income tax receivable	<b>2,079</b>	977
Financial assets	C3 <b>969,390</b>	990,524
Other assets	<b>11,308</b>	8,679
Property held for development	C5 <b>75,065</b>	53,744
Deferred tax assets	<b>54,174</b>	42,526
Equity accounted investments	E1 <b>100,729</b>	55,637
Investment properties	C4 <b>160,500</b>	208,140
Right of use asset	<b>18,470</b>	19,947
Intangible assets	C6 <b>791,776</b>	790,551
<b>Total assets</b>	<b>2,617,934</b>	2,571,273
Payables	C7 <b>88,117</b>	88,675
Provisions	<b>4,931</b>	4,077
Borrowings	C8 <b>401,099</b>	426,642
Provision for income tax	<b>1,051</b>	1,764
Interest rate swaps at fair value	<b>31,924</b>	31,205
Benefit Funds policyholder's liability	<b>296,995</b>	303,650
Deferred tax liabilities	<b>118,686</b>	100,572
Call/Put option liability	<b>27,749</b>	22,690
Lease liability	<b>20,607</b>	21,757
<b>Total liabilities</b>	<b>991,159</b>	1,001,032
<b>Net assets</b>	<b>1,626,775</b>	1,570,241
<b>Equity attributable to Centuria Capital Limited</b>		
Contributed equity	C9 <b>387,873</b>	386,634
Reserves	<b>7,554</b>	3,720
Retained earnings	<b>298,848</b>	283,058
<b>Total equity attributable to Centuria Capital Limited</b>	<b>694,275</b>	673,412
<b>Equity attributable to Centuria Capital Fund (non-controlling interests)</b>		
Contributed equity	C9 <b>1,018,961</b>	1,018,822
Retained earnings	<b>(134,666)</b>	(183,970)
<b>Total equity attributable to Centuria Capital Fund (non-controlling interests)</b>	<b>884,295</b>	834,852
<b>Total equity attributable to Centuria Capital Group securityholders</b>	<b>1,578,570</b>	1,508,264
<b>Equity attributable to external non-controlling interests</b>		
Contributed equity	<b>15,683</b>	31,781
Retained earnings	<b>32,522</b>	30,196
<b>Total equity attributable to external non-controlling interests</b>	<b>48,205</b>	61,977
<b>Total equity</b>	<b>1,626,775</b>	1,570,241

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

## Consolidated interim statement of changes in equity

For the half year 31 December 2021

	Centuria Capital Limited			Centuria Capital Fund (non-controlling interests)			Total attributable to Centuria Capital Group Securityholders	External non-controlling interests			Total equity \$'000	
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Contributed Total \$'000	Retained equity \$'000	earnings \$'000		Contributed equity \$'000	Retained earnings \$'000	Total \$'000		
<b>Balance at 1 July 2021</b>	386,634	3,720	283,058	673,412	1,018,822	(183,970)	834,852	<b>1,508,264</b>	31,781	30,196	61,977	<b>1,570,241</b>
Profit for the period	-	-	25,518	25,518	-	83,751	83,751	<b>109,269</b>	-	3,418	3,418	<b>112,687</b>
Foreign currency translation reserve	-	2,295	-	2,295	-	-	-	<b>2,295</b>	-	-	-	<b>2,295</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>2,295</b>	<b>25,518</b>	<b>27,813</b>	<b>-</b>	<b>83,751</b>	<b>83,751</b>	<b>111,564</b>	<b>-</b>	<b>3,418</b>	<b>3,418</b>	<b>114,982</b>
Equity settled share based payments expense	981	1,539	-	2,520	-	-	-	<b>2,520</b>	-	-	-	<b>2,520</b>
Change in value of securities issued	246	-	(246)	-	470	(470)	-	-	-	-	-	-
Dividends and distributions paid/accrued	-	-	(9,482)	(9,482)	-	(33,977)	(33,977)	<b>(43,459)</b>	-	(2,053)	(2,053)	<b>(45,512)</b>
Stapled securities issued	187	-	-	187	-	-	-	<b>187</b>	-	-	-	<b>187</b>
Cost of equity raising	(175)	-	-	(175)	(331)	-	(331)	<b>(506)</b>	-	-	-	<b>(506)</b>
Issued equity to non-controlling interests	-	-	-	-	-	-	-	-	5,979	-	5,979	<b>5,979</b>
Deconsolidation of controlled property funds	-	-	-	-	-	-	-	-	(22,077)	961	(21,116)	<b>(21,116)</b>
<b>Balance at 31 December 2021</b>	<b>387,873</b>	<b>7,554</b>	<b>298,848</b>	<b>694,275</b>	<b>1,018,961</b>	<b>(134,666)</b>	<b>884,295</b>	<b>1,578,570</b>	<b>15,683</b>	<b>32,522</b>	<b>48,205</b>	<b>1,626,775</b>

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

## Consolidated interim statement of changes in equity

For the half year 31 December 2020

	Centuria Capital Limited				Centuria Capital Fund (non-controlling interests)				Total attributable to Centuria Capital Group securityholders	External non-controlling interests			Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		Contributed equity \$'000	Retained earnings \$'000	Total \$'000	
<b>Balance at 1 July 2020</b>	177,149	2,901	17,074	197,124	545,744	-	(9,771)	535,973	<b>733,097</b>	57,230	40,819	98,049	<b>831,146</b>
Profit for the period	-	-	15,240	15,240	-	-	26,148	26,148	<b>41,388</b>	-	1,366	1,366	<b>42,754</b>
Foreign currency translation reserve	-	122	-	122	-	524	-	524	<b>646</b>	-	-	-	<b>646</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>122</b>	<b>15,240</b>	<b>15,362</b>	<b>-</b>	<b>524</b>	<b>26,148</b>	<b>26,672</b>	<b>42,034</b>	<b>-</b>	<b>1,366</b>	<b>1,366</b>	<b>43,400</b>
Equity settled share based payments expense	1,482	(113)	-	1,369	-	-	-	-	<b>1,369</b>	-	-	-	<b>1,369</b>
Dividends and distributions paid/accrued	-	-	(7,203)	(7,203)	-	-	(19,811)	(19,811)	<b>(27,014)</b>	-	(1,423)	(1,423)	<b>(28,437)</b>
Stapled securities issued	39,506	-	-	39,506	137,483	-	-	137,483	<b>176,989</b>	-	-	-	<b>176,989</b>
Cost of equity raising	(714)	-	-	(714)	(1,939)	-	-	(1,939)	<b>(2,653)</b>	-	-	-	<b>(2,653)</b>
Purchase of external non-controlling interests	-	-	-	-	-	-	-	-	-	(42,982)	(13,387)	(56,369)	<b>(56,369)</b>
Deconsolidation of controlled property funds	-	-	-	-	-	-	-	-	-	(1,459)	793	(666)	<b>(666)</b>
<b>Balance at 31 December 2020</b>	<b>217,423</b>	<b>2,910</b>	<b>25,111</b>	<b>245,444</b>	<b>681,288</b>	<b>524</b>	<b>(3,434)</b>	<b>678,378</b>	<b>923,822</b>	<b>12,789</b>	<b>28,168</b>	<b>40,957</b>	<b>964,779</b>

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

# Consolidated interim statement of cash flows

For the half year ended 31 December 2021

	31 December 2021 \$'000	31 December 2020 \$'000
<b>Cash flows from operating activities</b>		
Management fees received	93,948	53,373
Performance fees received	5,143	394
Rent received	9,593	7,684
Distributions received	25,567	18,566
Cash received on development projects	32,866	-
Interest received	990	663
Payments to suppliers and employees	(62,800)	(87,975)
Interest paid	(11,470)	(4,680)
Income taxes paid	(5,527)	(5,797)
Applications - Benefits Funds	17,650	6,429
Redemptions - Benefits Funds	(27,520)	(11,554)
<b>Net cash provided by/(used in) operating activities</b>	<b>78,440</b>	<b>(22,897)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments in related parties	(96,845)	(63,507)
Benefit Funds net disposals of investments in financial assets	126,972	17,130
Deposits paid	(34,465)	(19,842)
Purchase of subsidiaries	-	(12,950)
Proceeds from sale of related party investments	32,499	11,753
Repayment of loans by related parties	40,523	2,541
Payments for property, plant and equipment	(1,672)	(1,347)
Payments in relation to investment properties	-	(1,376)
Loans to related parties	(37,817)	-
Proceeds from sale of investment property	-	868
Purchase of property held for development	(21,008)	(936)
Collections from reverse mortgage holders	3,377	695
Purchase of equity accounted investments	(22,960)	(586)
Disposal of equity accounted investments	3,250	-
Return of cash from equity accounted investments	2,156	-
Cash balance on deconsolidation of property funds	(4,962)	-
<b>Net cash provided by/(used in) investing activities</b>	<b>(10,952)</b>	<b>(67,557)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of securities to securityholders of Centuria Capital Group	-	133,072
Distributions paid to securityholders of Centuria Capital Group	(44,512)	(25,110)
Proceeds from borrowings	21,429	20,958
Repayment of borrowings	(24,892)	(6,024)
Equity raising costs paid	(496)	(2,635)
Distributions paid to external non-controlling interests	(1,978)	(1,423)
Proceeds from issues of securities to external non-controlling interests	2,895	-
Costs paid to issue debt	(406)	(481)
<b>Net cash (used in)/provided by financing activities</b>	<b>(47,960)</b>	<b>118,357</b>
<b>Net increase in cash and cash equivalents</b>	<b>19,528</b>	<b>27,903</b>
Cash and cash equivalents at the beginning of the period	273,351	174,458
Effects of exchange rate changes on cash and cash equivalents	263	154
<b>Cash and cash equivalents at end of period</b>	<b>293,142</b>	<b>202,515</b>

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

# A About the report

## A1 General information

The shares in Centuria Capital Limited and the units in Centuria Capital Fund ('CCF') are stapled to 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, and co-investments in property investment funds.

### Statement of compliance

The consolidated interim financial statements for the half year ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial statements do not include all the notes of the type normally included in the annual financial report. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2021 and any public announcements made by the Group during the half year reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

### Basis of preparation

The consolidated interim financial statements have been prepared on the basis of historical cost, except for financial assets at fair value through profit and loss, investment properties and investment property held for sale 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 consolidated interim financial statements have 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 consolidated interim financial statements. Amounts in the Directors' Report and consolidated interim financial statements have been rounded off, in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

## A2 Significant accounting policies

The accounting policies and methods of computation in the preparation of the consolidated interim financial statements are consistent with those adopted in the previous financial year ended 30 June 2021 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated interim financial statements.

When the presentation or classification of items in the consolidated interim financial statements has been amended, comparative amounts are also reclassified, unless it is impractical.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

### A3 New Accounting Standards and Interpretations

A number of new accounting standards have been published that are not effective for the 31 December 2021 reporting period. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

#### Standards now effective:

##### **AASB 2018-6**

Clarifies the definition of a business as per AASB 3 Business Combinations and is applied prospectively to future acquisitions.

##### **AASB 2018-7**

Clarifies the definition of material as applied across all reporting standards as per AASB 101 Presentation of Financial Statements with intention of increasing a user's focus on the material items in a financial report.

##### **AASB 2014-10**

Clarifies the requirements for recording the sale or contribution of assets between an investor and its associate or joint venture.

#### Standards not yet effective:

##### **AASB 17 Insurance Contracts**

AASB 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of AASB 17 have on the financial position, financial performance and cash flows of the entity. The Group are currently assessing the impact of AASB 17 Insurance Contracts.

##### **AASB 2020-3**

Amendments to Australian Accounting Standards Annual Improvements 2018-2020 and Other Amendments This amendment adds to AASB 3 a requirement that, for transactions and other events within the scope of AASB 137 or IFRIC 21, an acquirer applies AASB 137 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

##### **AASB 2020-1**

Amendments to Australian Accounting Standards - Classification of liabilities as current or non-current (Amendments to AASB 101) Under existing AASB 101 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. It is expected that the changes will have minimal impact to the Group.

### A4 Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those applied in the consolidated financial statements as at and for the year ended 30 June 2021.

### A5 Segment summary

As at 31 December 2021 the Group has six reportable operating segments. These reportable operating segments are the divisions which report to the Group's Joint Chief Executive Officer's and Board of Directors for the purpose of resource allocation and assessment of performance.

The reportable operating segments are:

<b>Operating segments</b>	<b>Description</b>
Property Funds Management	Management of listed and unlisted property funds.
Co-Investments	Direct interest in property funds, properties held for development and other liquid investments.
Developments	Completion of structured property developments which span sectors ranging from Commercial Office, Industrial and Health through to Affordable Housing and Residential Mixed Use.
Property and Development Finance	Provision of real estate secured non-bank finance for development projects, bridge finance 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 provides disclosures in relation to a further four non-operating segments, which are:

<b>Non-operating segments</b>	<b>Description</b>
Non-operating items	Comprises transaction costs, mark-to-market movements on financial assets, property and derivative financial instruments, share of equity accounted net profit in excess of distributions received and all other non-operating activities.
Benefit Funds	Represents the operating results and financial position of the Benefit Funds of Centuria Life Limited which are required to be consolidated in the Group's financial statements in accordance with accounting standards.
Controlled Property Funds	Represents the operating results and financial position of property funds which are managed by the Group and consolidated under accounting standards.  The Group's principal activities do not include direct ownership of these funds for the purpose of control and deriving rental income. Therefore, the results attributable to the controlled property funds are excluded from operating profit. However, the performance management of the controlled property funds is included in operating profit, aligned with how performance of the business is assessed by management of the Group.
Eliminations	Elimination of transactions between the operating segments and the other non-operating segments above, including transactions between the operating entities within the Group and 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 half year 31 December 2021	Property	Co-	Property	Property	Investment	Operating	Non	Controlled			Statutory		
	Funds	Investments	development	and	Bonds	profit	operating	Benefits	Property	Eliminations	profit		
Notes	\$'000	\$'000	\$'000	finance	Management	Corporate	\$'000	\$'000	\$'000	\$'000	\$'000		
Management fees	57,972	-	4,734	-	6,705	-	69,411	-	-	-	(4,006)	65,405	
Property acquisition fees	16,984	-	-	-	-	-	16,984	-	-	-	-	16,984	
Property performance fees	19,098	-	-	-	-	-	19,098	-	-	-	-	19,098	
Financing fees	1,087	-	73	3,451	-	-	4,611	(3,451)	-	-	-	1,160	
Underwriting fees	1,400	-	-	-	-	-	1,400	-	-	-	-	1,400	
Development revenue	-	-	96	-	-	-	96	-	-	-	-	96	
Property sales fees	1,429	-	-	-	-	-	1,429	-	-	-	-	1,429	
Interest revenue	48	714	350	-	8	1,404	2,524	-	238	-	(30)	2,732	
Rental income	-	-	411	-	-	62	473	-	-	5,986	-	6,459	
Recoverable outgoings	-	-	-	-	-	-	-	-	-	2,265	-	2,265	
Distribution/dividend revenue	-	22,021	-	-	-	-	22,021	(1,098)	2,075	-	(1,433)	21,565	
Premiums - discretionary participation features	-	-	-	-	-	-	-	-	337	-	-	337	
Other income	150	-	710	100	294	85	1,339	957	7	54	-	2,357	
<b>Total Revenue</b>	<b>B2</b>	<b>98,168</b>	<b>22,735</b>	<b>6,374</b>	<b>3,551</b>	<b>7,007</b>	<b>1,551</b>	<b>139,386</b>	<b>(3,592)</b>	<b>2,657</b>	<b>8,305</b>	<b>(5,469)</b>	<b>141,287</b>
Share of profit from equity accounted investments	E1	-	-	-	-	-	-	2,181	-	-	-	2,181	
Net movement in policyholder liabilities	-	-	-	-	-	-	-	-	6,755	-	-	6,755	
Fair value movements of financial instruments and property	-	-	-	-	-	-	-	47,793	8,071	2,059	865	58,788	
Expenses	B3	(35,656)	(280)	(3,676)	(1,618)	(3,208)	(10,570)	(55,008)	1,253	(15,238)	(3,630)	4,006	(68,617)
Finance costs	B4	(10)	(8,361)	-	-	(1)	(99)	(8,471)	(549)	(1)	(949)	30	(9,940)
Finance charges - puttable instruments and reverse mortgages	B4	(3,342)	-	-	-	-	(1,068)	(4,410)	-	-	-	-	(4,410)
<b>Profit/(Loss) before tax</b>		59,160	14,094	2,698	1,933	3,798	(10,186)	71,497	47,086	2,244	5,785	(568)	126,044
Income tax benefit/(expense)		(19,414)	(377)	(809)	(580)	(854)	9,249	(12,785)	1,672	(2,244)	-	-	(13,357)
<b>Profit/(Loss) after tax</b>		<b>39,746</b>	<b>13,717</b>	<b>1,889</b>	<b>1,353</b>	<b>2,944</b>	<b>(937)</b>	<b>58,712</b>	<b>48,758</b>	<b>-</b>	<b>5,785</b>	<b>(568)</b>	<b>112,687</b>
<b>Profit/(Loss) after tax attributable to:</b>													
Centuria Capital Limited		39,746	1,211	1,889	1,353	2,944	(22,289)	24,854	664	-	-	-	25,518
Centuria Capital Fund		-	12,506	-	-	-	21,352	33,858	48,094	-	2,367	(568)	83,751
<b>Profit/(Loss) after tax attributable to Centuria Capital Group Securityholders</b>		<b>39,746</b>	<b>13,717</b>	<b>1,889</b>	<b>1,353</b>	<b>2,944</b>	<b>(937)</b>	<b>58,712</b>	<b>48,758</b>	<b>-</b>	<b>2,367</b>	<b>(568)</b>	<b>109,269</b>
Non-controlling interests		-	-	-	-	-	-	-	-	-	3,418	-	3,418
<b>Profit/(Loss) after tax</b>		<b>39,746</b>	<b>13,717</b>	<b>1,889</b>	<b>1,353</b>	<b>2,944</b>	<b>(937)</b>	<b>58,712</b>	<b>48,758</b>	<b>-</b>	<b>5,785</b>	<b>(568)</b>	<b>112,687</b>



B1 Segment profit and loss (continued)

For the half year 31 December 2020	Notes	Property Funds Management \$'000	Co-Investments \$'000	Development \$'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		33,095	-	1,218	3,959	-	38,272	-	-	-	(2,172)	36,100
Property acquisition fees		4,786	-	-	-	-	4,786	-	-	-	-	4,786
Property performance fees		13,632	-	-	-	-	13,632	-	-	-	-	13,632
Property sales fees		115	-	-	-	-	115	-	-	-	-	115
Interest revenue		148	67	-	11	1,411	1,637	-	419	1	(30)	2,027
Development revenue		-	-	31,983	-	-	31,983	-	-	-	-	31,983
Rental income		-	-	-	-	87	87	-	-	5,233	-	5,320
Recoverable outgoings		-	-	-	-	-	-	-	-	1,677	-	1,677
Distribution/dividend revenue		-	17,658	-	-	-	17,658	(804)	2,374	-	(1,302)	17,926
Premiums - discretionary participation features		-	-	-	-	-	-	-	659	-	-	659
Other income		453	40	12	183	1,354	2,042	-	30	38	-	2,110
<b>Total revenue</b>	<b>B2</b>	<b>52,229</b>	<b>17,765</b>	<b>33,213</b>	<b>4,153</b>	<b>2,852</b>	<b>110,212</b>	<b>(804)</b>	<b>3,482</b>	<b>6,949</b>	<b>(3,504)</b>	<b>116,335</b>
Share of net profit of equity accounted investments	E1	-	-	-	-	-	-	608	-	-	-	608
Net movement in policyholder liabilities		-	-	-	-	-	-	-	(3,293)	-	-	(3,293)
Fair value movements of financial instruments and property		-	-	-	-	-	-	9,036	12,776	1,636	(1,746)	21,702
Expenses	B3	(20,972)	(370)	(975)	(3,586)	(7,846)	(33,749)	(445)	(9,089)	(3,348)	2,172	(44,459)
Cost of sales		-	-	(29,248)	-	-	(29,248)	-	-	-	-	(29,248)
Finance costs	B4	(6)	(5,837)	-	(1)	(78)	(5,922)	(568)	(2)	(1,092)	30	(7,554)
Finance charges - puttable instruments and reverse mortgages	B4	(355)	-	-	-	(1,174)	(1,529)	-	-	-	-	(1,529)
<b>Profit/(Loss) before tax</b>		<b>30,896</b>	<b>11,558</b>	<b>2,990</b>	<b>566</b>	<b>(6,246)</b>	<b>39,764</b>	<b>7,827</b>	<b>3,874</b>	<b>4,145</b>	<b>(3,048)</b>	<b>52,562</b>
Income tax benefit/(expense)		(9,531)	(112)	(897)	(194)	4,995	(5,739)	(195)	(3,874)	-	-	(9,808)
<b>Profit/(Loss) after tax</b>		<b>21,365</b>	<b>11,446</b>	<b>2,093</b>	<b>372</b>	<b>(1,251)</b>	<b>34,025</b>	<b>7,632</b>	<b>-</b>	<b>4,145</b>	<b>(3,048)</b>	<b>42,754</b>
<b>Profit/(loss) after tax attributable to:</b>												
Centuria Capital Limited		21,365	111	2,093	372	(10,586)	13,355	1,885	-	-	-	15,240
Centuria Capital Fund		-	11,335	-	-	9,335	20,670	5,747	-	-	(269)	26,148
<b>Profit/(Loss) after tax attributable to Centuria Capital Group Securityholders</b>		<b>21,365</b>	<b>11,446</b>	<b>2,093</b>	<b>372</b>	<b>(1,251)</b>	<b>34,025</b>	<b>7,632</b>	<b>-</b>	<b>-</b>	<b>(269)</b>	<b>41,388</b>
Non-controlling interests		-	-	-	-	-	-	-	-	4,145	(2,779)	1,366
<b>Profit/(Loss) after tax</b>		<b>21,365</b>	<b>11,446</b>	<b>2,093</b>	<b>372</b>	<b>(1,251)</b>	<b>34,025</b>	<b>7,632</b>	<b>-</b>	<b>4,145</b>	<b>(3,048)</b>	<b>42,754</b>

## B2 Revenue

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

### (a) Performance fees

#### *Property performance fees*

The Group receives a performance fee for providing management services where the property fund outperforms a set 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.

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.

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.

The Group's performance fees are recognised over-time under AASB 15 Revenue from Contracts with Customers.

The key assumptions made in estimating the amount of performance fee revenue that is highly probable include:

**2 years from forecast fund end date:** 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's 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:** 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:** 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.

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

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Recognised in Half-year ended 31 Dec 2021 \$'000	Balance of unrecognised performance obligations as at 31 Dec 2021 \$'000	Recognised in Half-year ended 31 Dec 2020 \$'000	Balance of unrecognised performance obligations as at 31 Dec 2020 \$'000
Management fees**	27,123	95,302	9,384	35,510
Property performance fee*	19,098	24,759	13,632	22,299
Development revenue	-	-	31,983	21,256

\* The underlying property funds managed by the Group have accrued total performance fees of \$58,843,000 as at 31 December 2021 (\$43,754,000 at 31 December 2020). Based on the assumptions outlined in B2(a), the total estimated amount of performance fees available to the Group to recognise is \$24,759,000 (31 December 2020: \$22,299,000).

\*\* Only relates to unlisted property funds management fees which have defined fund terms.

## Business performance

### B2 Revenue (continued)

#### (c) Transactions with related parties

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

	<b>31 December 2021</b>	31 December 2020
	\$	\$
Management fees from Property Funds managed by Centuria	<b>62,136,953</b>	33,862,229
Distributions from Property Funds managed by Centuria	<b>19,489,709</b>	15,552,474
Performance fees from Property Funds managed by Centuria	<b>19,098,488</b>	13,631,796
Property acquisition fees from Property Funds managed by Centuria	<b>16,984,148</b>	4,786,076
Management fees from Over Fifty Guardian Friendly Society	<b>1,868,668</b>	2,237,487
Sales fees from Property Funds managed by Centuria	<b>1,428,600</b>	114,781
Underwriting fees in relation to Property Funds managed by Centuria	<b>1,399,836</b>	-
Interest income on loans to Property Funds managed by Centuria	<b>673,144</b>	-
Fees from Debt funds managed by Centuria	<b>99,655</b>	345,065
	<b>123,179,201</b>	70,529,908

### B3 Expenses

	<b>31 December 2021</b>	31 December 2020
	\$'000	\$'000
Employee benefits expense	<b>35,218</b>	21,680
Claims - discretionary participation features	<b>11,756</b>	7,368
Consulting and professional fees	<b>1,996</b>	2,449
Property outgoings and fund expenses	<b>2,818</b>	2,581
Administration fees	<b>1,184</b>	1,095
Insurance costs	<b>2,205</b>	1,065
Property management fees paid	<b>2,323</b>	1,920
Depreciation Expense	<b>2,070</b>	1,973
Information Technology expenses	<b>1,445</b>	964
Rebates expense	<b>1,260</b>	17
Transaction costs	<b>245</b>	301
Other expenses	<b>6,097</b>	3,046
	<b>68,617</b>	44,459

#### (a) Transactions with key management personnel

As a matter of Board policy, all transactions with Directors and director-related entities are conducted on arms-length commercial or employment terms.

## Business performance

### B4 Finance costs

	31 December 2021 \$'000	31 December 2020 \$'000
Operating interest charges	8,445	4,899
Bank loans in Controlled Property Funds interest charges	949	1,092
Finance lease interest	546	568
Other finance costs	-	995
<b>Total Finance costs</b>	<b>9,940</b>	<b>7,554</b>
Finance charge - puttable instruments	3,342	355
Reverse mortgage facility interest charges	1,068	1,174
Fair value (gain)/loss on derivatives	(1,632)	(4,538)
Fair value loss/(gain) on financial assets - reverse mortgages	1,632	4,538
<b>Total Finance charges - puttable instruments and reverse mortgages</b>	<b>4,410</b>	<b>1,529</b>
	<b>14,350</b>	<b>9,083</b>

### B5 Dividends and distributions

	31 December 2021		31 December 2020	
	Cents per security	Total \$'000	Cents per security	Total \$'000
<b>Dividends/distributions paid during the half year</b>				
Final year-end dividend (fully franked)	2.10	12,605	1.80	8,690
Final year-end distribution	3.40	20,408	3.40	16,420
<b>Dividends/distributions declared during the half year</b>				
Interim dividend (fully franked) <sup>(i)</sup>	1.20	9,482	1.20	7,203
Interim distribution <sup>(i)</sup>	4.30	33,977	3.30	19,811

<sup>(i)</sup> The Group declared a dividend/distribution in respect of the half year ended 31 December 2021 of 5.5 cents per stapled security which included a dividend of 1.2 cents per share and a distribution of 4.3 cents per security. The final dividend/distribution had a record date of 31 December 2021 and was paid on 9 February 2022. The total amount payable of \$43,459,000 has been provided as a liability in these financial statements.

In addition to the dividends and distributions paid to Centuria Capital Group securityholders, the Group paid distributions of \$2,053,000 (31 December 2020: \$1,423,000) to external non-controlling Interests.

## C Assets and liabilities

### C1 Segment balance sheet

As at 31 December 2021	Notes	Property Funds Management \$'000	Co- Investments \$'000	Development \$'000	Property and development finance \$'000	Investment Bonds Management \$'000	Corporate \$'000	Operating balance sheet \$'000	Benefits Funds \$'000	Controlled Property Funds \$'000	Eliminations \$'000	Statutory balance sheet \$'000
<b>Assets</b>												
Cash and cash equivalents		62,642	47,299	10,612	-	2,702	27,871	151,126	138,574	3,442	-	293,142
Receivables	C2	66,210	56,761	5,966	-	3,003	7,145	139,085	2,119	131	(202)	141,133
Income tax receivable		-	-	-	-	-	2,079	2,079	-	-	-	2,079
Financial assets	C3	-	786,509	-	-	-	51,678	838,187	167,750	-	(36,547)	969,390
Other assets		92	-	20	-	155	11,041	11,308	-	-	-	11,308
Property held for development	C5	-	-	69,775	-	-	-	69,775	-	5,290	-	75,065
Deferred tax assets		30,494	-	4,667	-	276	15,473	50,910	3,264	-	-	54,174
Equity accounted investments	E1	-	75,163	-	25,566	-	-	100,729	-	-	-	100,729
Investment properties	C4	-	-	-	-	-	-	-	-	160,500	-	160,500
Right of use asset		-	-	-	-	-	18,470	18,470	-	-	-	18,470
Intangible assets	C6	791,776	-	-	-	-	-	791,776	-	-	-	791,776
Contract Asset		-	-	168	-	-	-	168	-	-	-	168
<b>Total assets</b>		<b>951,214</b>	<b>965,732</b>	<b>91,208</b>	<b>25,566</b>	<b>6,136</b>	<b>133,757</b>	<b>2,173,613</b>	<b>311,707</b>	<b>169,363</b>	<b>(36,749)</b>	<b>2,617,934</b>
<b>Liabilities</b>												
Payables	C7	16,095	48,094	1,906	-	2,500	13,821	82,416	2,963	3,134	(396)	88,117
Provisions		2,929	-	-	-	-	2,002	4,931	-	-	-	4,931
Borrowings	C8	-	312,865	-	-	-	5,400	318,265	-	84,021	(1,187)	401,099
Provision for income tax		422	-	-	-	-	-	422	629	-	-	1,051
Interest rate swap at fair value		-	-	-	-	-	31,924	31,924	-	-	-	31,924
Benefit Funds policy holders' liability		-	-	-	-	-	-	-	296,995	-	-	296,995
Deferred tax liability		103,509	-	-	-	-	4,057	107,566	11,120	-	-	118,686
Call/Put option liability		-	-	-	-	-	27,749	27,749	-	-	-	27,749
Lease liability		-	-	-	-	-	20,607	20,607	-	-	-	20,607
<b>Total liabilities</b>		<b>122,955</b>	<b>360,959</b>	<b>1,906</b>	<b>-</b>	<b>2,500</b>	<b>105,560</b>	<b>593,880</b>	<b>311,707</b>	<b>87,155</b>	<b>(1,583)</b>	<b>991,159</b>
<b>Net assets</b>		<b>828,259</b>	<b>604,773</b>	<b>89,302</b>	<b>25,566</b>	<b>3,636</b>	<b>28,197</b>	<b>1,579,733</b>	<b>-</b>	<b>82,208</b>	<b>(35,166)</b>	<b>1,626,775</b>

## Assets and liabilities

### C1 Segment balance sheet (continued)

As at 30 June 2021	Notes	Property Funds Management \$'000	Co- Investments \$'000	Development \$'000	Property and development finance \$'000	Investment Bonds Management \$'000	Corporate \$'000	Operating balance sheet \$'000	Benefits Funds \$'000	Controlled Property Funds \$'000	Eliminations \$'000	Statutory balance sheet \$'000
<b>Assets</b>												
Cash and cash equivalents		54,497	158,418	9,526	-	2,638	24,558	249,637	16,835	6,879	-	273,351
Receivables	C2	47,573	27,910	2,462	-	269	8,715	86,929	6,049	1,475	(194)	94,259
Contract Asset		-	-	32,938	-	-	-	32,938	-	-	-	32,938
Income tax receivable		306	-	-	-	-	671	977	-	-	-	977
Financial assets	C3	-	695,871	-	-	-	54,309	750,180	288,179	-	(47,835)	990,524
Other assets		141	-	13	-	84	8,441	8,679	-	-	-	8,679
Property held for development		-	-	53,744	-	-	-	53,744	-	-	-	53,744
Deferred tax assets		28,553	-	4,152	-	-	9,821	42,526	-	-	-	42,526
Equity accounted investments		-	29,933	-	25,704	-	-	55,637	-	-	-	55,637
Investment properties	C4	-	-	-	-	-	-	-	-	208,140	-	208,140
Right of use asset		-	-	-	-	-	19,947	19,947	-	-	-	19,947
Intangible assets	C6	790,551	-	-	-	-	-	790,551	-	-	-	790,551
<b>Total assets</b>		<b>921,621</b>	<b>912,132</b>	<b>102,835</b>	<b>25,704</b>	<b>2,991</b>	<b>126,462</b>	<b>2,091,745</b>	<b>311,063</b>	<b>216,494</b>	<b>(48,029)</b>	<b>2,571,273</b>
<b>Liabilities</b>												
Payables	C7	5,593	29,220	3,308	-	1,230	44,541	83,892	385	4,592	(194)	88,675
Provisions		2,417	-	-	-	-	1,660	4,077	-	-	-	4,077
Borrowings	C8	-	298,440	15,955	-	-	7,006	321,401	-	106,428	(1,187)	426,642
Interest rate swap at fair value		-	-	-	-	-	31,205	31,205	-	-	-	31,205
Benefit Funds policy holders' liability		-	-	-	-	-	-	-	303,650	-	-	303,650
Provision for income tax		5,658	-	-	-	-	(4,662)	996	768	-	-	1,764
Deferred tax liability		90,074	-	-	-	-	4,238	94,312	6,260	-	-	100,572
Call/Put option liability		-	-	-	-	-	22,690	22,690	-	-	-	22,690
Lease liability		-	-	-	-	-	21,757	21,757	-	-	-	21,757
<b>Total liabilities</b>		<b>103,742</b>	<b>327,660</b>	<b>19,263</b>	<b>-</b>	<b>1,230</b>	<b>128,435</b>	<b>580,330</b>	<b>311,063</b>	<b>111,020</b>	<b>(1,381)</b>	<b>1,001,032</b>
<b>Net assets</b>		<b>817,879</b>	<b>584,472</b>	<b>83,572</b>	<b>25,704</b>	<b>1,761</b>	<b>(1,973)</b>	<b>1,511,415</b>	<b>-</b>	<b>105,474</b>	<b>(46,648)</b>	<b>1,570,241</b>

## Assets and liabilities

### C2 Receivables

	31 December 2021 \$'000	30 June 2021 \$'000
Receivables from related parties (refer to note C2(a))	90,021	63,252
Contract assets	168	32,938
Other receivables	51,112	31,007
	<u>141,301</u>	<u>127,197</u>

All receivables are current except for \$28,074,000 of performance fees receivable which are non-current.

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 period:

	31 December 2021 \$	30 June 2021 \$
Performance fees accrued from property funds managed by Centuria	33,639,052	24,296,035
Management fees owing from property funds managed by Centuria	25,564,843	13,772,263
Loans receivable from Centuria NZ Property Fund	9,170,693	-
Recoverable expenses owing from property funds managed by Centuria	6,950,519	5,913,021
Distribution receivable from Centuria Industrial REIT	4,372,349	3,941,846
Redemption receivable of property funds managed by Centuria	4,359,000	-
Distribution receivable from Centuria Office REIT	3,780,375	3,336,852
Underwrite fees receivable from property funds managed by Centuria	1,399,836	-
Distribution receivable from unlisted property funds managed by Centuria	784,254	743,345
Loan receivable from Centuria Government Income Property Fund	-	11,248,798
	<u>90,020,921</u>	<u>63,252,160</u>

### C3 Financial assets

	31 December 2021 \$'000	30 June 2021 \$'000
Investment in related party unit trusts at fair value (refer to Note C3(a))	767,404	664,304
Investments in trusts, shares and other financial instruments at fair value	150,308	271,911
Reverse mortgage receivables <sup>(i)</sup>	51,678	54,309
	<u>969,390</u>	<u>990,524</u>

<sup>(i)</sup> Whilst some mortgages are likely to be repaid during the next 12 months, the Group does not control the repayment date, therefore the financial assets have been classified as non-current assets.

## Assets and liabilities

### 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.

	31 December 2021			30 June 2021		
	Fair value \$	Units held	Ownership %	Fair value \$	Units held	Ownership %
<b>Financial assets held by the Group</b>						
Centuria Industrial REIT	423,587,090	101,094,771	15.97%	344,998,908	92,741,642	16.81%
Centuria Office REIT	213,158,479	91,093,367	15.29%	189,290,479	80,893,367	15.72%
Centuria NZ Industrial Fund	37,698,655	25,015,037	10.00%	48,584,204	39,279,014	16.10%
Asset Plus Limited	21,171,327	72,507,288	19.99%	21,915,324	72,507,288	19.99%
Centuria Healthcare Direct Medical Fund No.2	19,254,218	18,673,473	12.04%	16,386,598	16,991,495	11.08%
Dragon Hold Trust	9,696,223	969,622,257	10.00%	1,500,000	1,500,000	10.00%
Matrix Trust	8,168,725	7,042,737	5.72%	5,892,821	5,106,431	5.00%
Pialba Place Trust	4,375,331	5,129,345	23.32%	3,908,561	5,129,345	23.32%
Primewest Large Format Retail Trust No. 2	2,245,800	2,280,000	6.23%	2,439,720	2,430,000	6.64%
Centuria Healthcare Aged Care Property Fund No.1	2,929,354	5,513,559	9.21%	2,948,651	5,513,559	9.21%
Northgate Geraldton Trust	790,000	790,000	1.89%	-	-	0%
Centuria Government Income Property Fund	643,539	643,539	0.48%	-	-	0%
Albany Brooks Gardens Trust	418,275	275,000	1.57%	422,950	275,000	1.60%
Primewest 251 St Georges Terrace Trust	101,300	104,126	0.27%	104,126	104,126	0.27%
Centuria NZ Property Fund*	-	-	0%	3,645,664	3,850,000	10.00%
Centuria Scarborough House Fund	-	-	0%	105,921	102,836	0.22%
	<b>744,238,316</b>			<b>642,143,927</b>		
<b>Financial assets held by the Benefit Funds</b>						
Centuria Office REIT	16,232,156	6,936,819	1.16%	15,875,494	6,784,399	1.32%
Centuria Industrial REIT	5,786,683	1,381,070	0.22%	5,137,580	1,381,070	0.25%
Centuria SOP Fund	1,147,200	1,000,000	3.28%	1,147,200	1,000,000	3.28%
	<b>23,166,039</b>			<b>22,160,274</b>		
	<b>767,404,355</b>			<b>664,304,201</b>		

\*These investments which were previously related party investments are now held as equity accounted investments for the half year ended 31 December 2021. See Note E1 for details. Also, see below for a movement of the related party unit trusts during the half year.



## Assets and liabilities

### C3 Financial assets (continued)

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

	31 December 2021 \$	30 June 2021 \$
<b>Related party unit trusts carried at fair value through profit and loss</b>		
Opening balance	664,304	440,529
Investment purchases	95,532	126,584
Acquisition of subsidiary	-	14,366
Disposal	(30,572)	(16,604)
Fair value (loss)/gain	52,824	89,714
Carrying value transferred from deconsolidation of controlled property funds	-	9,860
Foreign exchange translation	396	(145)
Carrying value transferred from/(to) equity accounted investments	(15,080)	-
	<b>767,404</b>	<b>664,304</b>

### C4 Investment properties

	31 December 2021 \$'000	30 June 2021 \$'000
Opening balance	208,140	167,110
Capital improvements and associated costs	67	356
Gain/(loss) on fair value	2,275	5,712
Change in deferred rent and lease incentives	(842)	(2,068)
Deconsolidation of controlled property funds	(49,140)	(12,110)
Acquisition of subsidiary	-	49,140
	<b>160,500</b>	<b>208,140</b>

The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees amounting to \$10,910,306 (30 June 2021: \$10,575,100).

All investment properties are considered non-current.

## Assets and liabilities

### C4 Investment properties (continued)

Property	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 Capitalisation rate %	31 December 2021 Discount rate %	31 December 2021 valuer
					<b>Cushman &amp; Wakefield</b>
111 St George Terrace, Perth WA*	160,500	159,000	6.50%	6.75%	
Foundation Place, QLD	-	31,500	-%	-%	
60 Investigator Drive, QLD	-	7,250	-%	-%	
26 Westbrook Parade, WA	-	5,220	-%	-%	
40 John rice Avenue, SA	-	5,170	-%	-%	
	<b>160,500</b>	<b>208,140</b>			

#### Key estimate and judgements

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

The investment properties recognised by the Group are properties owned by related party funds that are taken to be controlled by the Group under accounting standards. Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are initially recorded at cost which includes stamp duty and other transaction costs. Subsequently, the investment properties are measured at the fair value with any change in value recognised in profit or loss. The carrying amount of investment properties includes components relating to deferred rent, lease incentives and leasing fees.

An investment property is derecognised upon disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The fair value of the investment properties were determined by the directors of the responsible entity of the relevant fund or by an external, independent valuation company having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations were prepared by considering the following valuation methodologies:

- **Capitalisation Approach:** the annual net rental income is capitalised at an appropriate market yield to arrive at the property's market value. Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the property.
- **Discounted Cash Flow Approach:** this approach incorporates the estimation of future annual cash flows over a 10 year period by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The present value of future cash flows is then determined by the application of an appropriate discount rate to derive a net present value for the property.
- **Direct Comparison Approach:** this approach identifies comparable sales on a dollar per square metre of lettable area basis and compares the equivalent rates to the property being valued to determine the property's market value.

The valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between the lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and, where appropriate, counter notices have been served validly and within the appropriate time.

The most significant unobservable input used in the above valuation techniques and its relationship with fair value measurement is the capitalisation rate. The higher/lower the rate, the lower/higher fair value.

##### (b) Fair value measurement

The fair value measurement of investment properties has been categorised as a Level 3 fair value as it is derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

## C4 Investment properties (continued)

### (b) Fair value measurement (continued)

Significant unobservable inputs	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity decrease in input	Inputs for half-year ended 31 December 2021
Market rent	Increase	Decrease	595 psm
Capitalisation rate	Decrease	Increase	6.50%
Discount rate	Decrease	Increase	6.75%

A further sensitivity analysis was taken by the Group to assess the fair value of investment property values. The table below illustrates the valuation of movements in capitalisation rates and discount rate:

	Fair value at 31 December 2021	Capitalisation rate impact	
	\$'000	-0.25% \$'000	+0.25% \$'000
Investment properties	160,500	6,400	(5,900)

## C5 Property held for development

Property	31 December 2021	30 June 2021
	\$'000	\$'000
Opening Balance	53,744	31,295
Capital expenditure	10,712	2,611
Foreign currency translation	10	(162)
Acquisitions	10,599	20,000
	<b>75,065</b>	<b>53,744</b>

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

Property	Carrying value at 31 December 2021	Carrying value at 30 June 2021
	\$'000	\$'000
54 Cook Street, Auckland, New Zealand	25,404	20,905
209 Kotham Road, Victoria, Australia	22,075	20,281
17 - 19 Mann Street, Queenstown, New Zealand	13,943	11,263
57 Wyatt St, Adelaide, Australia	7,058	-
741 Cudgen Road, Cudgen, Australia	5,290	-
27 - 29 Young St, West Gosford, Australia	1,295	1,295
	<b>75,065</b>	<b>53,744</b>

## Assets and liabilities

### C6 Intangible assets

	31 December 2021 \$'000	30 June 2021 \$'000
Goodwill	482,666	481,696
Indefinite life management rights	309,110	308,855
	<u>791,776</u>	<u>790,551</u>

	31 December 2021 \$'000	30 June 2021 \$'000
Opening balance	790,551	280,120
Acquired goodwill	-	319,216
Acquired indefinite life management rights	-	196,799
Foreign currency translation	989	29
Purchase price accounting adjustments	236	(5,613)
	<u>791,776</u>	<u>790,551</u>

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.

Intangible assets are considered to be non-current assets.

### C7 Payables

	31 December 2021 \$'000	30 June 2021 \$'000
Sundry creditors <sup>(i)</sup>	27,760	22,550
Dividend/distribution payable	43,459	44,513
Accrued expenses	16,898	21,612
	<u>88,117</u>	<u>88,675</u>

Payables are classified as current.

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

## Assets and liabilities

### C8 Borrowings

		31 December 2021	30 June 2021
Notes		\$'000	\$'000
Secured listed redeemable notes	C8(a)	198,693	198,693
Secured wholesale variable rate notes	C8(b)	66,650	66,650
Secured wholesale fixed rate notes	C8(b)	29,366	29,366
Secured NZ Investment facility	C8(c)	11,303	7,440
Secured bank loans - Controlled Property Funds	C8(d)	84,021	106,505
Secured revolving floating rate loan notes	C8(e)	10,000	-
Reverse mortgage bill facilities and notes	C8(f)	5,400	7,006
Development facilities	C8(g)	-	15,955
Borrowing costs capitalised		(4,334)	(4,973)
		<b>401,099</b>	<b>426,642</b>

The terms and conditions relating to the above facilities are set out below.

#### (a) Secured listed redeemable notes

On 21 April 2021, the Fund issued \$198,693,000 of listed redeemable notes with a variable interest rate of 4.25% plus the bank bill rate which is due to mature on 21 April 2026. These notes are secured against assets within certain subsidiaries of the Group.

#### (b) Secured wholesale notes

The Group has issued fixed and floating corporate notes as per below:

	Classification	Coupon Rate	Due Date	31 December 2021	30 June 2021
Fixed				\$'000	\$'000
Tranche 3	Non-current	5.0%	21 April 2024	29,366	29,366
				<b>29,366</b>	<b>29,366</b>
Variable				31 December 2021	30 June 2021
Tranche 2	Non-current	BBSW +4.25%	21 April 2023	35,000	35,000
Tranche 3	Non-current	BBSW +4.5%	21 April 2024	31,650	31,650
				<b>66,650</b>	<b>66,650</b>

## Assets and liabilities

### C8 Borrowings (continued)

#### (c) Secured NZ Investment facility

Fund	Current/ non-current classification	Maturity date	Facility limit \$'000	Funds available \$'000	Draw down \$'000	Borrowing costs \$'000	Total \$'000
<b>31 December 2021</b>							
New Zealand Investment Facility	Current	30 November 2022	11,303	-	11,303	-	<u>11,303</u> <u>11,303</u>

#### 30 June 2021

New Zealand Investment Facility	Non-current	30 November 2022	11,160	3,720	7,440	-	<u>7,440</u> <u>7,440</u>
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#### (d) Bank Loans - Controlled Property Funds (secured)

Each controlled property fund has debt facilities secured by first mortgage over each of the fund's investment property and a first ranking fixed and floating charge over all assets of each of the funds. Details of the amounts drawn and the maturity of each facility are as follows:

Fund	Current/ non-current classification	Maturity date	Facility limit \$'000	Funds available \$'000	Draw down \$'000	Borrowing costs \$'000	Total \$'000
<b>31 December 2021</b>							
Centuria 111 St Georges Terrace Fund	Current	30 June 2022	90,000	5,956	84,044	(23)	<u>84,021</u> <u>84,021</u>

#### 30 June 2021

Centuria 111 St Georges Terrace Fund	Current	30 June 2022	90,000	5,957	84,043	(148)	83,895
Primewest Property Income Fund	Non-current	19 February 2024	22,600	-	22,600	(77)	<u>22,533</u> <u>106,428</u>

#### (e) Secured revolving floating rate loan note

On 16 December 2021, the Group entered into a loan note subscription agreement for a \$100,000,000 floating rate secured loan notes facility with a variable interest rate of 2.25% plus the bank bill rate which is due to mature on 16 December 2024. As of 31 December 2021, \$10,000,000 had been drawn down. These notes are secured against assets within certain subsidiaries of the Group.

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

As at 31 December 2021, the Group had \$5,400,000 (30 June 2021: \$7,006,000) non-recourse notes on issue to ANZ Bank, secured over the remaining reverse mortgages held in Senex Warehouse Trust No.1 (a subsidiary of the Group) currently due to mature on 30 September 2022.

The facility limit is \$7,500,000 (30 June 2021: \$8,200,000) and is reassessed every 6 to 12 months with a view to reducing the facility in line with the reduction in the reverse mortgage book. Under the facility agreement, surplus funds (being mortgages repaid (including interest) less taxes, administration expenses and any hedge payments) are required to be applied against the facility each month.

## Assets and liabilities

### C8 Borrowings (continued)

#### (f) Reverse mortgage bill facilities and notes (secured) (continued)

	31 December 2021 \$'000	30 June 2021 \$'000
Facility	7,500	8,200
Amount used at reporting date	(5,400)	(7,006)
Amount unused at reporting date	2,100	1,194

#### (g) Development facilities

The development facilities were extinguished during the period. Details of the amounts drawn and the maturity of each development facility from the prior reporting period were as follows:

	Current/ non-current classification	Maturity date	Facility limit \$'000	Funds available \$'000	Draw down \$'000	Borrowing costs \$'000	Total \$'000
<b>Social affordable housing development</b>							
<b>30 June 2021</b>							
45 Pendlebury Road (Cardiff)	Current	7 April 2022	10,842	-	7,901	-	7,901
357 - 359 Mann Street	Current	7 April 2022	10,258	-	8,054	-	8,054
							15,955

### C9 Contributed equity

	31 December 2021		30 June 2021	
	No. of securities	\$'000	No. of securities	\$'000
<b>Centuria Capital Limited</b>				
Opening balance	787,802,693	386,634	509,998,482	177,149
Equity settled share based payments expense	2,367,418	981	1,921,149	1,482
Change in value of units issued	-	246	-	-
Stapled securities issued <sup>(i)</sup>	-	187	275,883,062	209,208
Cost of equity raising	-	(175)	-	(1,205)
	790,170,111	387,873	787,802,693	386,634

	31 December 2021		30 June 2021	
	No. of securities	\$'000	No. of securities	\$'000
<b>Centuria Capital Fund (non-controlling interests)</b>				
Opening balance	787,802,693	1,018,822	509,998,482	545,744
Equity settled share based payments expense	2,367,418	-	1,921,149	-
Stapled securities issued	-	-	275,883,062	475,185
Change in value of units issued <sup>(i)</sup>	-	470	-	-
Cost of equity raising	-	(331)	-	(2,107)
	790,170,111	1,018,961	787,802,693	1,018,822

<sup>(i)</sup> Fully paid ordinary securities carry one vote per security and carry the right to distributions.

#### Recognition and measurement

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

### C10 Commitments and contingencies

#### Australian Guarantees

The Group has provided bank guarantees of \$3,349,911 (30 June 2021: \$3,349,911) for commercial leases with respect to its Sydney and Melbourne office premises. These bank guarantees are cash collateralised.

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

#### Construction Contracts

As at 31 December 2021, the Group was committed to expenditure of \$22,296,204 (excluding GST) in relation to construction contracts in relation to its properties held for development.

#### 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 (30 June 2021: NZ\$14,000,000). The Group's total aggregate liability under this guarantee is capped at NZ\$4,250,000 (30 June 2021: NZ\$4,250,000). Refer to Note E1 Interests in associates and joint ventures for more information.

#### Capital Commitments

At 31 December 2021 the Group has committed up to NZ\$11,900,000 (30 June 2021: NZ\$12,800,000) of capital over approximately the next 10 years in its joint venture partnership with Ninety Four Feet.

#### 28-32 Bourke Road, Alexandria

At 31 December 2021 the Group had committed \$36,100,000 to acquire 28-32 Bourke Road, Alexandria. Once acquired, it is the Group's intention to syndicate this asset to an unlisted fund.

#### 25 Grenfell Street, Adelaide

At 31 December 2021 the Group had committed \$41,650,000 to acquire 25 Grenfell Street, Adelaide SA in a 50:50 joint venture with MA Financial Group Limited. Once acquired, it is the Group's intention to syndicate this asset to an unlisted fund.

#### Heritage Lifecare New Zealand property portfolio acquisition

At 31 December 2021 the Group had committed \$276,000,000 to acquire a New Zealand aged care property portfolio. The sale and leaseback portfolio transaction provides a 30-year WALE, underpinned by triple-net leases and a 100% portfolio occupancy. The assets will be operated by a leading New Zealand provider, Heritage Lifecare. Once acquired, it is the Group's intention to syndicate these assets to an unlisted fund.

#### Warragul acquisition

At 31 December 2021 the Group had committed to acquire 50% interest in agricultural estate, Warragul, VIC. The Group has an obligation to acquire the remaining interest on the same terms within a six-month period from Flavorite Group after the initial 50% interest is acquired. The asset will be leased to a division of Flavorite Group on 20-year sale-and-leaseback.

The directors of the Group are not aware of any other commitments and contingencies 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 <sup>(i)</sup>

For the half year ended 31 December 2021

	31 December 2021 \$'000	31 December 2020 \$'000
<b>Cash flows from operating activities</b>		
Management fees received	94,928	55,244
Performance fees received	5,143	394
Distributions received	20,901	17,194
Interest received	781	273
Other income received	473	87
Payments to suppliers and employees	(59,869)	(81,220)
Income tax paid	(7,840)	(5,797)
Interest paid	(7,578)	(3,591)
Cash received on development projects	32,876	-
<b>Net cash provided by/(used in) operating activities</b>	<b>79,815</b>	<b>(17,416)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments in related parties	(95,109)	(63,507)
Repayment of loans by related parties	40,523	-
Loans to related parties	(37,817)	(19,842)
Purchase of subsidiaries	-	(12,950)
Proceeds from sale of related party investments	30,565	11,753
Deposits paid	(34,465)	-
Proceeds from sale of investments	-	868
Collections from reverse mortgage holders	695	695
Payments for plant and equipment	(1,672)	(1,347)
Proceeds from sale of equity accounted investments	3,250	2,541
Purchase of Property Held for Development	(15,718)	(936)
Purchase of equity accounted investments	(20,804)	(586)
<b>Net cash used in investing activities</b>	<b>(130,552)</b>	<b>(83,311)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of securities	-	133,072
Equity raising costs paid	(496)	(2,653)
Proceeds from borrowings	21,303	20,268
Repayment of borrowings	(24,892)	(6,024)
Costs paid to issue debt	560	(481)
Distributions paid	(44,512)	(25,118)
<b>Net cash (used in)/provided by financing activities</b>	<b>(48,037)</b>	<b>119,064</b>
<b>Net (decrease)/increase in operating cash and cash equivalents</b>	<b>(98,774)</b>	<b>18,337</b>
Cash and cash equivalents at the beginning of the period	249,637	149,461
Effects of exchange rate changes on cash and cash equivalents	263	154
<b>Cash and cash equivalents at the end of the period</b>	<b>151,126</b>	<b>167,952</b>

(i) The operating segment cash flows support the segment note disclosures of the Centuria Capital Limited and provide details in relation to the Operating Segment cash flows performance of the Group. The Operating Segment cash flows exclude the impact of cash flows attributable to Benefit Funds and Controlled Property Funds. Refer to page 10 of the consolidated interim financial statements for the full statutory cash flow statement of the Group.

## E Group Structure

### E1 Interests in associates and joint ventures

Set out below are the associates of the Group as at 31 December 2021 which, in the opinion of the Directors, were material to the Fund and were accounted for using the equity method. The entities listed below have share capital consisting solely of ordinary units, which are held directly by the Fund. The country of incorporation or registration is Australia which is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	% of ownership interest		Principal activity	Carrying amount	
	31 December			31 December	
	2021	30 June 2021		2021	30 June 2021
	%	%	\$'000	\$'000	
Centuria Diversified Property Fund	19.35	20.40	Property investment	26,180	28,144
Centuria Bass Credit	50.00	50.00	Non-bank finance	25,556	25,704
Centuria New Zealand Property Fund	20.00	-	Property investment	15,080	-
Primewest Property Income Fund*	34.86	-	Property investment	12,734	-
Centuria Government Income Property Fund No. 2	32.17	-	Property investment	10,666	-
Primewest Agricultural Trust No. 2	24.34	-	Property investment	8,455	-
QT Lakeview Developments Limited	25.00	25.00	Property investment	2,058	1,789
				<b>100,729</b>	<b>55,637</b>

\*Primewest Property Income Fund was consolidated by the Group on 31 May 2021 and was deconsolidated from the Group on 31 October 2021 resulting in a fair value gain of \$2,223,000.

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2021 to 31 December 2021.

Movements in carrying amounts of equity accounted investments	Centuria	Centuria	Centuria New	Primewest	Centuria	Primewest	QT Lakeview	Total
	Diversified	Bass Credit	Zealand	Property	Government	Agricultural	Developments	
	Property	Centuria	Property	Income	Income	Trust No. 2	Limited	
	Fund	Fund	Fund	Fund	Fund No. 2	Trust No. 2	Limited	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2021	28,144	25,704	-	-	-	-	1,789	55,637
Investments	-	-	-	-	12,424	10,325	211	22,960
Disposals	-	-	-	-	(1,250)	(2,000)	-	(3,250)
Share of net profit/(loss) after tax	893	1,362	-	52	(459)	333	-	2,181
Distributions received/receivable	(2,857)	(1,510)	-	(145)	(49)	(203)	-	(4,764)
Fair value transferred from financial assets	-	-	15,080	-	-	-	-	15,080
Fair value transferred from consolidated property funds	-	-	-	12,827	-	-	-	12,827
Foreign exchange translation	-	-	-	-	-	-	58	58
<b>Closing balance at 31 December 2021</b>	<b>26,180</b>	<b>25,556</b>	<b>15,080</b>	<b>12,734</b>	<b>10,666</b>	<b>8,455</b>	<b>2,058</b>	<b>100,729</b>

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

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2020 to 30 June 2021.

	<b>Centuria Diversified Property Fund \$'000</b>	<b>Centuria Bass Credit \$'000</b>	<b>QT Lakeview Developments Limited \$'000</b>	<b>Total \$'000</b>
<b>Movements in carrying amounts of equity accounted investments</b>				
Opening balance at 1 July 2020	31,830	-	1,125	32,955
Acquisition of investments	-	25,418	671	26,089
Share of net profit/(loss) after tax	2,784	286	-	3,070
Distributions received/receivable	(1,470)	-	-	(1,470)
Disposals	(5,000)	-	-	(5,000)
Foreign exchange translation	-	-	(7)	(7)
<b>Closing balance at 30 June 2021</b>	<b>28,144</b>	<b>25,704</b>	<b>1,789</b>	<b>55,637</b>

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

**(a) Summarised financial information for associates**

The tables below provide summarised financial information for those associates that were material to the Group. The information disclosed reflects the amounts presented in the consolidated interim financial statements of the relevant associates and not the Group share of those amounts.

	Centuria Diversified Property Fund		Centuria Bass Credit		Centuria New Zealand Property Fund		Primewest Property Income Fund		Centuria Government Income Property Fund No. 2		Primewest Agricultural Trust No. 2		QT Lakeview Developments Limited		Total	
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
<b>Summarised balance sheet</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and other cash equivalents	6,681	11,868	14,520	19,079	10,441	-	4,882	-	1,666	-	228	-	-	-	38,418	30,947
Other current assets	18,910	2,099	6,264	598	556	-	-	-	986	-	1,639	-	-	-	28,355	2,697
<b>Total current assets</b>	<b>25,591</b>	<b>13,967</b>	<b>20,784</b>	<b>19,677</b>	<b>10,997</b>	<b>-</b>	<b>4,882</b>	<b>-</b>	<b>2,652</b>	<b>-</b>	<b>1,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,773</b>	<b>33,644</b>
Non-current assets	179,417	180,742	199,777	96,081	71,086	-	52,501	-	62,750	-	57,552	-	8,190	7,156	631,273	283,979
<b>Total non-current assets</b>	<b>179,417</b>	<b>180,742</b>	<b>199,777</b>	<b>96,081</b>	<b>71,086</b>	<b>-</b>	<b>52,501</b>	<b>-</b>	<b>62,750</b>	<b>-</b>	<b>57,552</b>	<b>-</b>	<b>8,190</b>	<b>7,156</b>	<b>631,273</b>	<b>283,979</b>
Other current liabilities	5,731	5,767	8,128	1,788	1,608	-	1,254	-	1,722	-	746	-	-	-	19,189	7,555
<b>Total current liabilities</b>	<b>5,731</b>	<b>5,767</b>	<b>8,128</b>	<b>1,788</b>	<b>1,608</b>	<b>-</b>	<b>1,254</b>	<b>-</b>	<b>1,722</b>	<b>-</b>	<b>746</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,189</b>	<b>7,555</b>
Borrowings	74,414	65,150	-	6	10,307	-	22,528	-	30,529	-	23,940	-	-	-	161,718	65,156
Other non-current liabilities	-	-	207,961	110,532	-	-	-	-	-	-	-	-	-	-	207,961	110,532
<b>Total non-current liabilities</b>	<b>74,414</b>	<b>65,150</b>	<b>207,961</b>	<b>110,538</b>	<b>10,307</b>	<b>-</b>	<b>22,528</b>	<b>-</b>	<b>30,529</b>	<b>-</b>	<b>23,940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>369,679</b>	<b>175,688</b>
<b>Net tangible assets</b>	<b>124,863</b>	<b>123,792</b>	<b>4,472</b>	<b>3,432</b>	<b>70,168</b>	<b>-</b>	<b>33,601</b>	<b>-</b>	<b>33,151</b>	<b>-</b>	<b>34,733</b>	<b>-</b>	<b>8,190</b>	<b>7,156</b>	<b>309,178</b>	<b>134,380</b>
Fund's share in %	19.35%	20.44%	50.00%	50.00%	20.00%	-	34.86%	-	32.17%	-	24.34%	-	25.00%	25.00%		
Fund's share	24,165	25,303	2,236	1,716	14,034	-	11,715	-	10,666	-	8,455	-	2,058	1,789	73,329	28,808
Goodwill	2,015	2,841	23,320	23,988	1,046	-	1,019	-	-	-	-	-	-	-	27,400	26,829
<b>Carrying Amount</b>	<b>26,180</b>	<b>28,144</b>	<b>25,556</b>	<b>25,704</b>	<b>15,080</b>	<b>-</b>	<b>12,734</b>	<b>-</b>	<b>10,666</b>	<b>-</b>	<b>8,455</b>	<b>-</b>	<b>2,058</b>	<b>1,789</b>	<b>100,729</b>	<b>55,637</b>

E1 Interests in associates and joint ventures (continued)

(a) Summarised financial information for associates (continued)

Summarised statement of comprehensive income	Centuria Diversified Property Fund		Centuria Bass Credit		Centuria New Zealand Property Fund		Primewest Property Income Fund		Centuria Government Income Property Fund No. 2		Primewest Agricultural Trust No. 2		QT Lakeview Developments Limited		Total	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	7,686	6,720	14,602	-	1,692	-	1,820	-	304	-	1,766	-	-	-	27,870	6,720
Net gain/(loss) on fair value of investments and investment properties	1,777	1,154	-	-	2,459	-	3,283	-	(1,895)	-	-	-	-	-	5,624	1,154
Net gain/(loss) on fair value of derivative financial instruments	-	-	-	-	-	-	-	-	550	-	-	-	-	-	550	-
Finance Costs	(938)	(699)	(7,600)	-	(1,778)	-	(181)	-	(76)	-	(110)	-	-	-	(10,683)	(699)
Other expenses	(3,912)	(5,961)	(4,298)	-	(525)	-	(782)	-	(105)	-	(325)	-	-	-	(9,947)	(5,961)
<b>Profit/(loss) for the period</b>	<b>4,613</b>	<b>1,214</b>	<b>2,704</b>	<b>-</b>	<b>1,848</b>	<b>-</b>	<b>4,140</b>	<b>-</b>	<b>(1,222)</b>	<b>-</b>	<b>1,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,414</b>	<b>1,214</b>
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>4,613</b>	<b>1,214</b>	<b>2,704</b>	<b>-</b>	<b>1,848</b>	<b>-</b>	<b>4,140</b>	<b>-</b>	<b>(1,222)</b>	<b>-</b>	<b>1,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,414</b>	<b>1,214</b>

## F Other

### F1 Fair value of financial instruments

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

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

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

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

<b>31 December 2021</b>	<b>Measurement basis</b>	<b>Fair value hierarchy</b>	<b>Carrying amount \$'000</b>	<b>Fair value \$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	293,142	293,142
Receivables	Amortised cost	Not applicable	141,301	141,301
Financial assets	Fair value	Level 1	793,753	793,753
Financial assets	Fair value	Level 2	122,778	122,778
Financial assets	Fair value	Level 3	1,181	1,181
Financial assets - Reverse mortgages receivables	Fair value	Level 3	51,678	51,678
			<u>1,403,833</u>	<u>1,403,833</u>

#### **Financial liabilities**

Payables	Amortised cost	Not applicable	88,117	88,117
Benefit Funds policy holders' liability	Amortised cost	Not applicable	296,995	296,995
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	401,099	411,490
Interest rate swaps - reverse mortgage fixed-for-life	Fair value	Level 3	31,924	31,924
Call/Put option liability	Fair value	Level 3	27,749	27,749
			<u>845,884</u>	<u>856,275</u>

<b>30 June 2021</b>	<b>Measurement basis</b>	<b>Fair value hierarchy</b>	<b>Carrying amount \$'000</b>	<b>Fair value \$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	273,351	273,351
Receivables	Amortised cost	Not applicable	127,197	127,197
Financial assets	Fair value	Level 1	811,661	811,661
Financial assets	Fair value	Level 2	123,373	123,373
Financial assets - mortgage backed assets	Fair value	Level 3	1,181	1,181
Financial assets - Reverse mortgages receivables	Fair value	Level 3	54,309	54,309
			<u>1,391,072</u>	<u>1,391,072</u>

## F1 Fair value of financial instruments (continued)

30 June 2021	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	88,675	88,675
Benefit Funds policy holders' liability	Amortised cost	Not applicable	303,650	303,650
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	426,642	430,576
Interest rate swaps - reverse mortgage fixed-for-life	Fair value	Level 3	31,205	31,205
Call/Put option liability	Fair value	Level 3	22,690	22,690
			<u>872,862</u>	<u>876,796</u>

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

The Level 3 financial asset held by the Group is the fair value of the residential mortgage receivables attributable to interest rate risk. The Level 3 financial liability held by the Group is the fixed-for-life interest rate swaps. These items are designated in a fair value hedging relationship, with the fair value movements on the swaps offset by the fair value movements in the mortgage receivables. However, as the Group has only designated the fair value movements attributable to interest rate risk in the hedging relationship, any other fair value movements impact the profit and loss directly, such as credit risk movements.

## (a) Reconciliation of Level 3 fair value measurements of financial assets and liabilities

Half year ended 31 December 2021	Other mortgage backed assets at fair value \$'000	Reverse mortgages fair value \$'000	Fixed-for-life interest rate swaps \$'000	Call/put option liability \$'000	Total \$'000
Opening balance	1,181	54,309	(31,205)	(22,690)	1,595
Call/Put option liability	-	-	-	(5,059)	(5,059)
Loan repaid	-	(2,102)	217	-	(1,885)
Accrued interest	-	1,696	(976)	-	720
Attributable to interest rate and other risk	-	(3,560)	1,632	-	(1,928)
Attributable to credit risk	-	1,335	(1,592)	-	(257)
	<u>1,181</u>	<u>51,678</u>	<u>(31,924)</u>	<u>(27,749)</u>	<u>(6,814)</u>

Year ended 30 June 2021	Other mortgage backed assets at fair value \$'000	Reverse mortgages fair value \$'000	Fixed-for-life interest rate swaps \$'000	Call/put Option Liability \$'000	Total \$'000
Opening balance	1,195	58,904	(32,752)	(17,167)	10,180
Call/Put option liability	-	-	-	(5,523)	(5,523)
Loan repaid	(14)	(2,126)	720	-	(1,420)
Accrued interest	-	2,965	(1,925)	-	1,040
Attributable to interest rate and other risk	-	(5,152)	8,080	-	2,928
Attributable to credit risk	-	(282)	(5,328)	-	(5,610)
	<u>1,181</u>	<u>54,309</u>	<u>(31,205)</u>	<u>(22,690)</u>	<u>1,595</u>

## F1 Fair value of financial instruments (continued)

### Key estimates and judgements

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

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

- The loan interest compounding period is the expected remaining life of the borrower;
- Mortality rates for males and females are based on portfolio-adjusted 2013-2015 Life Tables;
- The compounding interest rate is the fixed rate of loan for the period from day 1 up to the point of time when loan carrying amount equals the property value. After that point of time, the loan compounding rate will be reduced to the same as long term residential property growth rate determined by Management, on the grounds that any fixed rate exceeding the property growth rate will not be recovered after that point of time;
- For 31 December 2021 valuation, the property growth rates are 3.50% for FY22, 3.50% for FY23, then reverted back to 3.5% flat rate from FY24 onwards;
- Discount factors are calculated based on the market quoted long term rates on 31 December 2021;
- The 1.1% flat credit risk premium, reflecting the portfolio default profile on 31 December 2021, is added to the monthly cash flow discount factors to discount future cash flows generated by the reverse mortgage loans.

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

- Mortality rates for males and females based on portfolio-adjusted 2013-2015 Life Tables. The improvement factor tapers down to 1% p.a. at age 90 and then zero at age 100;
- Joint life mortality is calculated based on last death for loans with joint borrowers;
- 46% of the residential mortgage loan portfolio consists of joint lives;
- Discount factors are calculated based on the market quoted long term rates on 31 December 2021;
- The 1.162% flat credit risk premium, reflecting the business default profile on 31 December 2021, is added to the monthly cash flow discount factors to discount future cash flows generated by the interest rate swaps.

## F2 Events subsequent to the reporting date

On 12 January 2022, the Group acquired 50% interest in agricultural estate, Warragul, VIC. The Group has an obligation to acquire the remaining interest on the same terms within a six-month period from Flavorite Group. The asset is leased to a division of Flavorite Group on 20-year sale-and-leaseback.

On 21 January 2022, the Group acquired 25 Grenfell Street, Adelaide SA in a 50:50 joint venture with MA Financial Group Limited with a final payment of \$41,650,000.

Other than the above, there has not arisen in the interval between 31 December 2021 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 years.



## Directors' declaration

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

- (a) the consolidated interim financial statements and notes set out on pages 5 to 38 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
9 February 2022



# Independent Auditor's Review Report

To the stapled security holders of Centuria Capital Limited

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Centuria Capital Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Centuria Capital Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Stapled Group's** financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2021;
- Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the half-year ended on that date;
- Notes A1 to F2 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

Centuria Capital Group (the **Stapled Group**) comprises Centuria Capital Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period and Centuria Capital Fund and the entities it controlled at the Interim Period's end or from time to time during the interim period.

## Basis for Conclusion

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

We are independent of the Stapled Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Stapled Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Paul Thomas

Partner

Sydney

9 February 2022

## **Centuria Capital Fund Interim Financial Report for the half year ended 31 December 2021**

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  
Interim Financial Report - 31 December 2021**

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These consolidated interim financial statements are the interim financial statements of the consolidated entity consisting of Centuria Capital Fund and its subsidiaries. The interim financial statements are presented in Australian currency.

Centuria Capital Fund is a trust, registered and domiciled in Australia. Its registered office and principal place of business is:

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

The consolidated interim financial statements were authorised for issue by the Directors of the Responsible Entity on 9 February 2022.

## Directors' report

The directors of Centuria Funds Management Limited (the 'Company') as the Responsible Entity for Centuria Capital Fund (the 'Fund') present their interim report together with the consolidated interim financial statements of the Fund and its controlled entities (the 'Fund') for the half year ended 31 December 2021 and the auditor's review report thereon.

### Directors

The following persons were directors of the Company during the half year and up to the date of this report:

Director	Role	Appointment Date	Resignation Date
Mr Garry S. Charny	Independent Non-Executive Director and Chairman	8 August 2016	
Mr Peter J. Done	Independent Non-Executive Director	8 August 2016	
Mr John R. Slater	Independent Non-Executive Director	8 August 2016	
Ms Susan Wheeldon	Independent Non-Executive Director	31 August 2016	
Mr Kirstie Brown	Independent Non-Executive Director	15 February 2021	
Mr John E. McBain	Executive Director and Joint Chief Executive Officer	8 August 2016	
Mr Jason C. Huljich	Executive Director and Joint Chief Executive Officer	8 August 2016	
Mr Nicholas R. Collishaw	Non-Executive Director	8 August 2016	30 August 2021

### Operating and financial review

The Fund's profit from continuing operations for the half year ended 31 December 2021 was \$87,169,000 (half year ended 31 December 2020: profit of \$27,974,000).

### Earnings per security (EPS)

	31 December 2021	31 December 2020
Basic earnings per unit (cents/unit)	10.6	4.7
Diluted earnings per unit (cents/unit)	10.5	4.6

### Distributions

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

	Cents per unit	Total amount \$'000	Date paid/payable
<b>Distributions paid during the half year</b>			
Final 2021 Trust distribution	3.40	20,408	30 July 2021
<b>Distributions declared during the half year</b>			
Interim 2022 Trust distribution	4.30	33,977	9 February 2022

### Events subsequent to the reporting date

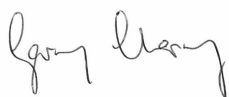
On 21 January 2022, the Fund acquired 25 Grenfell Street, Adelaide SA in a 50:50 joint venture with MA Financial Group Limited with a final payment of \$41,650,000.

Other than the above, there has not arisen in the interval between 31 December 2021 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Fund, 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.

### Rounding of amounts

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

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



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
9 February 2022



# 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 review of Centuria Capital Fund  
for the half-year ended 31 December 2021 there have been:

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

KPMG

Paul Thomas

*Partner*

Sydney

9 February 2022



# Centuria Capital Fund

## Interim financial report 31 December 2021

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# Consolidated interim statement of comprehensive income

For the half year ended 31 December 2021

		31 December 2021 \$'000	31 December 2020 \$'000
Revenue	Notes B1	50,190	31,105
Share of net profit of equity accounted investments		819	608
Expenses	B2	(4,328)	(3,626)
Fair value movements of financial instruments and property		51,411	6,816
Finance costs	B3	(10,923)	(6,929)
<b>Profit after tax</b>		<u>87,169</u>	<u>27,974</u>
<b>Profit is attributable to:</b>			
Centuria Capital Fund		83,751	26,606
Non-controlling interests		3,418	1,368
<b>Profit after tax</b>		<u>87,169</u>	<u>27,974</u>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>87,169</u>	<u>27,974</u>
<b>Total comprehensive income for the period is attributable to:</b>			
Centuria Capital Fund		83,751	26,606
Non-controlling interests		3,418	1,368
<b>Total comprehensive income</b>		<u>87,169</u>	<u>27,974</u>
<b>Total comprehensive income for the period is attributable to unitholders of Centuria Capital Fund</b>		<u>83,751</u>	<u>26,606</u>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per Centuria Capital Fund unit:</b>			
Basic (cents per unit)		10.6	4.7
Diluted (cents per unit)		10.5	4.6

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

# Consolidated interim balance sheet

As at 31 December 2021

	31 December 2021 Notes	\$'000	30 June 2021 \$'000
<b>Assets</b>			
Cash and cash equivalents		57,926	168,252
Receivables	C1	39,535	30,001
Financial assets at fair value	C2	1,277,251	879,205
Investment properties	C3	160,500	208,140
Other assets		1,295	1,295
Equity accounted investments	D1	58,035	28,144
<b>Total assets</b>		<u>1,594,542</u>	<u>1,315,037</u>
<b>Liabilities</b>			
Payables	C4	41,146	32,978
Borrowings	C5	635,839	397,428
<b>Total liabilities</b>		<u>676,985</u>	<u>430,406</u>
<b>Net assets</b>		<u>917,557</u>	884,631
<b>Equity</b>			
<b>Equity attributable to Centuria Capital Fund</b>			
Contributed equity	C6	1,019,115	1,018,822
Retained earnings		(146,803)	(196,107)
<b>Total equity attributable to Centuria Capital Fund</b>		<u>872,312</u>	<u>822,715</u>
<b>Equity attributable to external non-controlling interests</b>			
Contributed equity		12,798	31,790
Retained earnings		32,447	30,126
<b>Total equity attributable to external non-controlling interests</b>		<u>45,245</u>	<u>61,916</u>
<b>Total equity</b>		<u>917,557</u>	<u>884,631</u>

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

## Consolidated interim statement of changes in equity

For the half year ended 31 December 2021

	Centuria Capital Fund			Non-controlling interests			Total equity \$'000
	Contributed equity \$'000	Retained earnings \$'000	Equity attributable to Centuria Capital Fund unitholders \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000	
<b>Balance at 1 July 2021</b>	1,018,822	(196,107)	822,715	31,790	30,126	61,916	884,631
Profit for the period	-	83,751	83,751	-	3,418	3,418	87,169
<b>Total comprehensive income for the period</b>	-	<b>83,751</b>	<b>83,751</b>	-	<b>3,418</b>	<b>3,418</b>	<b>87,169</b>
Distributions paid/accrued	-	(33,977)	(33,977)	-	(2,058)	(2,058)	(36,035)
Change in value of units issued	470	(470)	-	-	-	-	-
Cost of equity raising	(177)	-	(177)	-	-	-	(177)
Units issued to non-controlling interests	-	-	-	3,085	-	3,085	3,085
Deconsolidation of controlled property funds	-	-	-	(22,077)	961	(21,116)	(21,116)
<b>Balance at 31 December 2021</b>	<b>1,019,115</b>	<b>(146,803)</b>	<b>872,312</b>	<b>12,798</b>	<b>32,447</b>	<b>45,245</b>	<b>917,557</b>

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

## Consolidated interim statement of changes in equity

For the period ended 31 December 2020

	Centuria Capital Fund			Non-controlling interests			Total equity \$'000
	Contributed equity \$'000	Retained earnings \$'000	Equity attributable to Centuria Capital Fund unitholders \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000	
<b>Balance at 1 July 2020</b>	545,744	(22,439)	523,305	14,248	27,362	41,610	564,915
Profit for the period	-	26,606	26,606	-	1,368	1,368	27,974
<b>Total comprehensive income for the period</b>	-	<b>26,606</b>	<b>26,606</b>	-	<b>1,368</b>	<b>1,368</b>	<b>27,974</b>
Dividends and distributions paid/accrued	-	(19,811)	(19,811)	-	(1,423)	(1,423)	(21,234)
Stapled securities issued	137,483	-	137,483	-	-	-	137,483
Cost of equity raising	(1,939)	-	(1,939)	-	-	-	(1,939)
Deconsolidation of controlled property funds	-	-	-	(1,450)	793	(657)	(657)
<b>Balance at 31 December 2020</b>	<b>681,288</b>	<b>(15,644)</b>	<b>665,644</b>	<b>12,798</b>	<b>28,100</b>	<b>40,898</b>	<b>706,542</b>

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

# Consolidated interim statement of cash flows

For the half year ended 31 December 2021

	31 December 2021 \$'000	31 December 2020 \$'000
<b>Cash flows from operating activities</b>		
Distributions received	17,573	14,438
Rent received	8,224	7,601
Interest received	681	68
Payments to suppliers	(6,112)	(4,251)
Interest paid	(7,222)	(5,952)
<b>Net cash provided by operating activities</b>	<b>13,144</b>	<b>11,904</b>
<b>Cash flows from investing activities</b>		
Purchase of investments in related parties	(84,038)	(45,603)
Loans repaid by related party	40,523	-
Proceeds from sale of related party investments	11,165	9,060
Payments in relation to investment properties	(194)	(1,376)
Deposits paid	(25,351)	(3,181)
Repayment of loans by related parties	-	693
Return of cash from equity accounted investment	2,156	-
Purchase of equity accounted investments	(22,749)	-
Loans to related parties	(47,079)	(9,462)
Proceeds from sale of subsidiary	4,000	-
Cash balance on consolidation of unlisted funds	(4,962)	-
Proceeds from sale of other investments	8,846	-
Proceeds from the sale of equity accounted investments	2,000	-
Loans repaid by other parties	8,826	-
<b>Net cash used in investing activities</b>	<b>(106,857)</b>	<b>(49,869)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of units to unitholders of Centuria Capital Fund	138	100,483
Equity raising costs paid	-	(1,939)
Distributions paid to unitholders of Centuria Capital Fund	(24,493)	(16,420)
Proceeds from borrowings	10,126	688
Costs paid to issue debt	(406)	(481)
Distributions paid to non-controlling interests	(1,978)	(1,423)
<b>Net cash (used in)/provided by financing activities</b>	<b>(16,613)</b>	<b>80,908</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(110,326)</b>	<b>42,943</b>
Cash and cash equivalents at the beginning of the financial period	168,252	53,059
<b>Cash and cash equivalents at end of period</b>	<b>57,926</b>	<b>96,002</b>

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

## **A About the report**

### **A1 General information**

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

The Fund and its controlled entities (the 'Fund') is a for-profit entity and its principal activities are holding direct interest in property funds and other liquid investments.

#### **Statement of compliance**

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

The consolidated interim financial statements of the Fund comprising the Fund (as 'Parent') and its controlled entities for the half year ended 31 December 2021 were authorised for issue by the Board of Directors of Centuria Funds Management Limited as the Responsible Entity on 9 February 2022.

The Fund was established on 20 July 2016.

#### **Basis of preparation**

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

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

#### **Going concern**

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

### A2 Significant accounting policies

The accounting policies and methods of computation in the preparation of the consolidated interim financial statements are consistent with those adopted in the previous financial year ended 30 June 2021 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated interim financial statements.

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

### A3 Other new accounting standards and interpretations

A number of new accounting standards have been published that are not effective for the 31 December 2021 reporting period. The Fund has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

#### *Standards now effective*

##### **AASB 2018-6**

Clarifies the definition of a business as per AASB 3 Business Combinations and is applied prospectively to future acquisitions.

##### **AASB 2018-7**

Clarifies the definition of material as applied across all reporting standards as per AASB 101 Presentation of Financial Statements with intention of increasing a users focus on the material items in a financial report.

##### **AASB 2014-10**

Clarifies the requirements for recording the sale or contribution of assets between an investor and its associate or joint venture.

#### *Standards not yet effective*

##### **AASB 2020-3**

Amendments to Australian Accounting Standards Annual Improvements 2018-2020 and Other Amendments This amendment adds to AASB 3 a requirement that, for transactions and other events within the scope of AASB 137 or IFRIC 21, an acquirer applies AASB 137 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

##### **AASB 2020-1**

Amendments to Australian Accounting Standards- Classification of liabilities as current or non-current (Amendments to AASB 101) Under existing AASB 101 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. It is expected that the changes will have minimal impact to the Group.

### A4 Use of judgements and estimates

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

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

- Note C3 Investment properties
- Note E1 Financial instruments



## B Business performance

### B1 Revenue

	<b>31 December 2021 \$'000</b>	31 December 2020 \$'000
Interest revenue	24,533	9,464
Distribution revenue	17,352	14,116
Rent	5,986	5,233
Recoverable outgoings	2,265	1,677
Other income	54	615
	<b>50,190</b>	<b>31,105</b>

#### (a) Transactions with related parties

	<b>31 December 2021 \$</b>	31 December 2020 \$
Interest income on loan to Centuria Finance Pty Limited	23,852,922	7,042,255
Distributions from Property Funds managed by Centuria	17,256,123	13,770,897
Interest income on loans to Property Funds managed by Centuria	644,163	345,065
Interest income on loan to Centuria Capital (NZ) Limited	-	2,292,522
	<b>41,753,208</b>	<b>23,450,739</b>

### B2 Expenses

	<b>31 December 2021 \$'000</b>	31 December 2020 \$'000
Property outgoings and fund expenses	3,955	3,511
Transaction costs	166	-
Consulting and professional fees	156	95
Other expenses	51	20
	<b>4,328</b>	<b>3,626</b>

#### (a) Transactions with related parties

	<b>31 December 2021 \$</b>	31 December 2020 \$
Management and custodian fees paid to Centuria Property Funds Limited	421,752	439,710
Management fees paid to Centuria Funds Management Limited	200,000	200,000
Management fees paid to Primewest P/Q Pty Ltd	99,987	-
Management and custodian fees paid to Centuria Property Funds No. 2 Limited	-	10,826
	<b>721,739</b>	<b>650,536</b>

## Business performance

### B3 Finance costs

	<b>31 December 2021 \$'000</b>	31 December 2020 \$'000
Operating interest charges	<b>8,361</b>	5,837
Class A Redeemable preference units	<b>1,613</b>	-
Bank loans in Property Funds interest charges	<b>949</b>	1,092
	<b><u>10,923</u></b>	<u>6,929</u>

### B4 Distributions

	<b>31 December 2021</b>		31 December 2020	
	<b>Cents per unit</b>	<b>Total \$'000</b>	Cents per unit	Total \$'000
<b>Distributions paid during the half year</b>				
Final 2021 Trust distribution	<b>3.40</b>	<b>20,408</b>	3.40	16,420
<b>Distributions declared during the half year</b>				
Interim 2022 Trust distribution	<b>4.30</b>	<b>33,977</b>	3.30	19,811

The Fund declared a distribution in respect of the half year ended 31 December 2021 of 4.3 cents per unit. The interim distribution had a record date of 31 December 2021 and was paid on 9 February 2021. The total amount payable of \$33,997,000 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 \$2,058,000 to external non-controlling Interests (31 December 2020: \$1,423,000).

## C Assets and liabilities

### C1 Receivables

	<b>31 December 2021 \$'000</b>	30 June 2021 \$'000
Receivables from related parties (refer to note C1 below)	<b>13,852</b>	19,454
Other receivables	<b>25,683</b>	10,547
	<b>39,535</b>	<b>30,001</b>

All receivables are considered to be classified as current.

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

	<b>31 December 2021 \$</b>	30 June 2021 \$
Distribution receivable from Centuria Industrial REIT	<b>4,278,017</b>	3,849,150
Distribution receivable from Centuria Office REIT	<b>3,686,445</b>	3,243,487
Redemption receivable of property funds managed by Centuria	<b>3,199,500</b>	-
Distribution receivable from unlisted property funds managed by Centuria	<b>635,552</b>	441,073
Receivable from property funds managed by Centuria	<b>2,051,994</b>	3,166
Intercompany receivables from Corporate entities within Centuria Capital Group	-	668,235
Loan receivable from Centuria Government Income Property Fund	-	11,248,798
	<b>13,851,508</b>	<b>19,453,909</b>

### C2 Financial assets at fair value

	<b>31 December 2021 \$'000</b>	30 June 2021 \$'000
	<b>Notes</b>	
Investment in related party unit trusts	C2(a) <b>670,846</b>	554,499
Loans receivable from related parties	C2(b) <b>599,700</b>	317,791
Investments in trusts and other financial assets	<b>6,705</b>	6,915
	<b>1,277,251</b>	<b>879,205</b>

Financial assets are classified as non-current assets.

## Assets and liabilities

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

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

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

	31 December 2021			30 June 2021		
	Fair value	Units held	Ownership %	Fair value	Units held	Ownership %
<b>Financial assets held by the Fund</b>						
Centuria Industrial REIT	414,448,340	98,913,685	15.63%	336,885,268	90,560,556	16.41%
Centuria Office REIT	207,862,181	88,829,992	14.91%	183,994,181	78,629,992	15.28%
Centuria Healthcare Direct Medical Fund No. 2	19,254,218	18,673,473	12.04%	16,386,598	16,991,495	11.08%
Dragon Hold Trust	9,696,223	969,622,257	10.00%	1,500,000	1,500,000	10.00%
Matrix Trust	8,168,725	7,042,737	5.72%	5,892,821	5,106,431	5.00%
Pialba Place Trust	4,375,331	5,129,345	23.32%	3,908,561	5,129,345	23.32%
Centuria Healthcare Aged Care Property Fund No. 1	2,929,354	5,513,559	9.21%	2,948,651	5,513,559	9.21%
Primewest Large Format Retail Trust No. 2	2,245,800	2,280,000	6.23%	2,439,720	2,430,000	6.64%
Northgate Geraldton Trust	790,000	790,000	1.89%	-	-	0%
Centuria Government Income Property Fund	643,539	643,539	0.48%	-	-	0%
Albany Brooks Gardens Trust	418,275	275,000	1.57%	422,950	275,000	1.60%
Centuria Life Goals - Various Funds	14,096	13,499	0%	14,096	13,499	0%
Centuria Scarborough House Fund	-	-	0%	105,921	102,836	0.22%
	<b>670,846,082</b>			<b>554,498,767</b>		

## Assets and liabilities

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

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

	31 December 2021 \$'000	30 June 2021 \$'000
<b>Related party unit trusts carried at fair value through profit and loss</b>		
Opening balance	554,499	378,639
Investment purchases	83,766	91,052
Fair value gain/(loss)	43,481	74,597
Carrying value transferred from controlled property funds	15,050	9,860
Carrying value transferred to equity accounted investments	(12,827)	-
Disposals	(13,123)	(13,911)
Acquisition of subsidiaries	-	14,262
	<b>670,846</b>	<b>554,499</b>

(b) Loans receivable from related parties

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

	31 December 2021 \$	30 June 2021 \$
Centuria Finance Pty Limited	599,700,186	310,290,943
Primewest Group Limited	-	7,500,000
	<b>599,700,186</b>	<b>317,790,943</b>

\$341,135,774 of the loan to Centuria Finance Pty Limited has a maturity date is the earliest of 23 December 2025 or such other date as the Fund and borrower may agree in writing.

\$258,564,412 of the loan to Centuria Finance Pty Limited has a maturity date is the earliest of 20 July 2026 or such other date as the Fund and borrower may agree in writing.

## Assets and liabilities

### C3 Investment properties

	31 December 2021 \$'000	30 June 2021 \$'000
Opening Balance	208,140	167,110
Capital improvements and associated costs	67	356
Deconsolidation of controlled property funds	(49,140)	(12,110)
Gain/(Loss) on fair value	2,275	5,712
Consolidation of controlled property funds	-	49,140
Change in deferred rent and lease incentives	(842)	(2,068)
	<u>160,500</u>	<u>208,140</u>

Investment properties are classified as non-current.

The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees amounting to \$10,910,306 (30 June 2021: \$10,575,100).

Property	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 Cap rate %	31 December 2021 Discount rate %	31 December 2021 valuer
111 St Georges Terrace, Perth WA	160,500	159,000	6.50	6.75	
Foundation Place, QLD	-	31,500	-	-	
60 Investigator Drive, QLD	-	7,250	-	-	
26 Westbrook Parade, WA	-	5,220	-	-	
40 John Rice Avenue, SA	-	5,170	-	-	
	<u>160,500</u>	<u>208,140</u>			

### Key estimates and judgements

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

The fair values of the investment properties were determined by the Directors of the responsible entity of the relevant funds or by an external, independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations were prepared by considering the following valuation methodologies:

- **Capitalisation Approach:** the annual net rental income is capitalised at an appropriate market yield to arrive at the property's market value. Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the property.
- **Discounted Cash Flow Approach:** this approach incorporates the estimation of future annual cash flows over a 10-year period by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The present value of future cash flows is then determined by the application of an appropriate discount rate to derive a net present value for the property.
- **Direct Comparison Approach:** this approach identifies comparable sales on a dollar per square metre of lettable area basis and compares the equivalent rates to the property being valued to determine the property's market value.

The valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between the lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and, where appropriate, counter notices have been served validly and within the appropriate time.

#### (b) Fair value measurement

The fair value measurement of investment properties has been categorised as a Level 3 fair value as it is derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

## Assets and liabilities

### C3 Investment properties (continued)

#### (b) Fair value measurement (continued)

Significant unobservable inputs	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity decrease in input	Inputs for half-year ended 31 December 2021
Market rent	Increase	Decrease	595 psm
Capitalisation rate	Decrease	Increase	6.50%
Discount rate	Decrease	Increase	6.75%

A further sensitivity analysis was taken to assess the fair value of investment properties given the uncertain impact of the COVID-19 pandemic on property values. The table below illustrates the valuation impact of movements in capitalisation rates and discount rates:

	Fair value at 31 December 2021 '\$000	Capitalisation rate impact -0.25%	+0.25%
Investment property	160,500	6,400	(5,900)

### C4 Payables

	31 December 2021 \$'000	30 June 2021 \$'000
Sundry creditors <sup>(i)</sup>	6,538	7,820
Distribution Payable	33,977	24,479
Accrued expenses	631	679
	<b>41,146</b>	<b>32,978</b>

Payables are classified as current.

<sup>(i)</sup> Sundry creditors are non-interest bearing liabilities, payable on commercial terms of 7 to 60 days.

## Assets and liabilities

### C5 Borrowings

		31 December 2021 \$'000	30 June 2021 \$'000
	Notes		
Class A Redeemable preference units	C5(a)	250,256	-
Secured listed redeemable notes	C5(b)	198,693	198,693
Secured wholesale floating rate notes	C5(c)	66,650	66,650
Secured wholesale fixed rate notes	C5(c)	30,553	30,553
Secured revolving floating rate loan notes	C5(d)	10,000	-
Bank loans in Property Funds	C5(e)	84,021	106,428
Borrowing costs capitalised		(4,334)	(4,896)
		635,839	397,428

The terms and conditions relating to the above facilities are set out below.

#### (a) Class A Redeemable preference units

On 20 July 2021, the 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.

#### (c) Secured wholesale notes

The Fund issued fixed and floating wholesale notes as per below:

				31 December 2021 \$'000	30 June 2021 \$'000
<b>Variable</b>	<b>Classification</b>	<b>Coupon Rate</b>	<b>Due Date</b>		
Tranche 2	Non-current	90 day BBSW +4.25%	21 April 2023	35,000	35,000
Tranche 3	Non-current	90 day BBSW +4.5%	21 April 2024	31,650	31,650
				66,650	66,650
<b>Fixed</b>	<b>Classification</b>	<b>Coupon Rate</b>	<b>Due Date</b>	<b>31 December 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
Tranche 3	Non-current	5.0%	21 April 2024	30,553	30,553
				30,553	30,553

#### (d) Secured revolving floating rate loan notes

On 16 December 2021, the Fund entered into a loan note subscription agreement for a \$100,000,000 floating rate secured loan notes facility with a variable interest rate of 2.25% plus the bank bill rate which is due to mature on 16 December 2024. As of 31 December 2021, \$10,000,000 had been drawn down. These notes are secured against assets within certain subsidiaries of the Fund.

#### (e) Bank loans - Property Funds (secured)

Each controlled property fund has debt facilities secured by first mortgage over each of the fund's investment property and a first ranking fixed and floating charge over all assets of each of the funds. Details of the amounts drawn and the maturity of each facility are as follows:



## Assets and liabilities

### C5 Borrowings (continued)

#### (e) Bank loans - Property Funds (secured) (continued)

Fund	Current/non-current classification	Maturity date	Facility limit \$'000	Funds available \$'000	Draw down \$'000	Borrowing costs \$'000	Total \$'000
<b>31 December 2021</b>							
Centuria 111 St Georges Terrace Fund	Current	30 June 2022	90,000	5,956	84,044	(23)	<u>84,021</u>
							<u>84,021</u>
<b>30 June 2021</b>							
Centuria 111 St Georges Terrace Fund	Current	30 June 2022	90,000	5,957	84,043	(148)	83,895
Primewest Property Income Fund	Non-current	19 February 2024	22,600	-	22,600	(77)	<u>22,533</u>
							<u>106,428</u>

### C6 Contributed equity

	31 December 2021		30 June 2021	
	No. of securities	\$'000	No. of securities	\$'000
Opening balance	787,802,693	1,018,822	509,998,482	545,744
Equity settled share based payment expense	2,367,418	-	1,921,149	-
Units issued	-	-	275,883,062	475,185
Cost of equity raising	-	(177)	-	(2,107)
Change in value of units issued	-	470	-	-
	<u>790,170,111</u>	<u>1,019,115</u>	787,802,693	1,018,822

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

#### **Recognition and measurement**

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

### C7 Commitments and contingencies

#### **25 Grenfell Street, Adelaide**

At 31 December 2021 the Fund had committed \$41,650,000 to acquire 25 Grenfell Street, Adelaide SA in a 50:50 joint venture with MA Financial Group Limited.

The directors of the Company are not aware of any other commitments and contingencies in relation to the Fund, 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 Group Structure

### D1 Interests in associates

Set out below are the associates of the Fund as at 31 December 2021 which, in the opinion of the Directors, were material to the Fund and were accounted for using the equity method. The entities listed below have share capital consisting solely of ordinary units, which are held directly by the Fund. The country of incorporation or registration is Australia which is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	% of ownership interest		Principal activity	Carrying amount	
	31 December			31 December	
	2021	30 June 2021		2021	30 June 2021
	%	%	\$'000	\$'000	
Centuria Diversified Property Fund	19.35	20.44	Property Investments	26,180	28,144
Primewest Property Income Fund*	34.86	0.00	Property investments	12,734	-
Centuria Government Income Property Fund No. 2	32.17	0.00	Property investments	10,666	-
Primewest Agricultural Trust No. 2	24.34	0.00	Property investments	8,455	-
<b>Total equity accounted investments</b>				<b>58,035</b>	<b>28,144</b>

\*Primewest Property Income Fund was consolidated by the Fund on 31 May 2021 and was deconsolidated from the Fund on 31 October 2021 resulting in a fair value gain of \$2,223,000.

The below table shows the movement in carrying amounts of equity accounted investments for the half year ended 31 December 2021.

Movement in carrying amount of equity accounted investments	Centuria	Centuria	Primewest	Primewest	Total
	Diversified	Government			
	Property	Income	Property	Trust No. 2	
	Fund	Fund No. 2	Income Fund		
Opening balance as at 1 July 2021	28,144	-	-	-	28,144
Investment	-	12,424	-	10,325	22,749
Disposals	-	(1,250)	-	(2,000)	(3,250)
Distributions received/receivable	(2,857)	(49)	(145)	(203)	(3,254)
Share of net profit after tax	893	(459)	52	333	819
Fair value transferred from consolidated property funds	-	-	12,827	-	12,827
<b>Closing balance as at 31 December 2021</b>	<b>26,180</b>	<b>10,666</b>	<b>12,734</b>	<b>8,455</b>	<b>58,035</b>

**D1 Interests in associates (continued)**

The below table shows the movement in carrying amounts of equity accounted investments for the year ended 30 June 2021.

	<b>Centuria Diversified Property Fund \$'000</b>
<b>Movement in carrying amount of equity accounted investments</b>	
Opening balance as at 1 July 2020	31,830
Disposals	(5,000)
Distributions received/receivable	(1,470)
Share of net profit after tax	2,784
<b>Closing balance as at 30 June 2021</b>	<u>28,144</u>

**D1 Interests in associates (continued)**

**(a) Summarised financial information for associates**

The tables below provide summarised financial information for those associates that were material to the Fund for the year ended 31 December 2021. The information disclosed reflects the amounts presented in the consolidated interim financial statements of the relevant associates and not the Fund's share of those amounts.

Summarised balance sheet	Centuria Diversified Property Fund		Centuria Government Income Property Fund No. 2		Primewest Property Income Fund		Primewest Agricultural Trust No. 2		Total	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Cash and other cash equivalents	6,681	11,868	1,666	-	4,882	-	228	-	13,457	11,868
Other current assets	18,910	2,099	986	-	-	-	1,639	-	21,535	2,099
<b>Total current assets</b>	<b>25,591</b>	<b>13,967</b>	<b>2,652</b>	<b>-</b>	<b>4,882</b>	<b>-</b>	<b>1,867</b>	<b>-</b>	<b>34,992</b>	<b>13,967</b>
Non-current assets	179,417	180,742	62,750	-	52,501	-	57,552	-	352,220	180,742
<b>Total tangible non-current assets</b>	<b>179,417</b>	<b>180,742</b>	<b>62,750</b>	<b>-</b>	<b>52,501</b>	<b>-</b>	<b>57,552</b>	<b>-</b>	<b>352,220</b>	<b>180,742</b>
Other current liabilities	5,731	5,767	1,722	-	1,254	-	746	-	9,453	5,767
<b>Total current liabilities</b>	<b>5,731</b>	<b>5,767</b>	<b>1,722</b>	<b>-</b>	<b>1,254</b>	<b>-</b>	<b>746</b>	<b>-</b>	<b>9,453</b>	<b>5,767</b>
Borrowings	74,414	65,150	30,529	-	22,528	-	23,940	-	151,411	65,150
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>74,414</b>	<b>65,150</b>	<b>30,529</b>	<b>-</b>	<b>22,528</b>	<b>-</b>	<b>23,940</b>	<b>-</b>	<b>151,411</b>	<b>65,150</b>
<b>Net tangible assets</b>	<b>124,863</b>	<b>123,792</b>	<b>33,151</b>	<b>-</b>	<b>33,601</b>	<b>-</b>	<b>34,733</b>	<b>-</b>	<b>226,348</b>	<b>123,792</b>
Fund's share in %	19.35%	20.44%	32.17%	-	34.87%	-	24.34%	-		
Fund's share	24,165	25,303	10,666	-	11,715	-	8,455	-	55,001	25,303
Goodwill	2,015	2,841	-	-	1,019	-	-	-	3,034	2,841
<b>Carrying amount</b>	<b>26,180</b>	<b>28,144</b>	<b>10,666</b>	<b>-</b>	<b>12,734</b>	<b>-</b>	<b>8,455</b>	<b>-</b>	<b>58,035</b>	<b>28,144</b>

**D1 Interests in associates (continued)**

(a) Summarised financial information for associates (continued)

Summarised statement of comprehensive income	Centuria Diversified Property Fund		Centuria Government Income Property Fund No. 2		Primewest Property Income Fund		Primewest Agricultural Trust No. 2		Total	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue	7,686	6,720	304	-	1,820	-	1,766	-	11,576	6,720
Net gain/(loss) on fair value of investments and investment properties	1,777	1,154	(1,895)	-	3,283	-	-	-	3,165	1,154
Net gain/(loss) on fair value of derivative financial instruments	-	-	550	-	-	-	-	-	550	-
Finance costs	(938)	(699)	(76)	-	(181)	-	(110)	-	(1,305)	(699)
Other expenses	(3,912)	(5,961)	(105)	-	(782)	-	(325)	-	(5,124)	(5,961)
<b>Profit/(loss) for the period</b>	<b>4,613</b>	1,214	<b>(1,222)</b>	-	<b>4,140</b>	-	<b>1,331</b>	-	<b>8,862</b>	1,214
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>4,613</b>	1,214	<b>(1,222)</b>	-	<b>4,140</b>	-	<b>1,331</b>	-	<b>8,862</b>	1,214

## E Other

### E1 Fair value of financial instruments

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

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

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

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

31 December 2021	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	57,926	57,926
Receivables	Amortised cost	Not applicable	39,535	39,535
Financial assets	Fair value	Level 1	625,571	625,571
Financial assets	Fair value	Level 2	651,680	651,680
			<u>1,374,712</u>	<u>1,374,712</u>

<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	41,146	41,146
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	635,839	561,592
			<u>676,985</u>	<u>602,738</u>

30 June 2021	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	168,252	168,252
Receivables	Amortised cost	Not applicable	30,001	30,001
Financial assets	Fair value	Level 1	524,249	524,249
Financial assets	Fair value	Level 2	354,956	354,956
			<u>1,077,458</u>	<u>1,077,458</u>

<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	33,578	33,578
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	397,428	401,522
Total			<u>431,006</u>	<u>435,100</u>

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.

**E2 Events subsequent to the reporting date**

On 21 January 2022, the Fund acquired 25 Grenfell Street, Adelaide SA in a 50:50 joint venture with MA Financial Group Limited with a final payment of \$41,650,000.

Other than the above, there has not arisen in the interval between 31 December 2021 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Fund, to affect significantly the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years.

## Directors' declaration

**In the opinion of the Directors' of Centuria Funds Management Limited as the Responsible Entity of Centuria Capital Fund:**

- (a) the consolidated interim financial statements and notes set out on pages 4 to 26 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 consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
9 February 2022





# Independent Auditor's Review Report

To the unitholders of Centuria Capital Fund

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Centuria Capital Fund (the Fund).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Centuria Capital Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2021;
- Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the half-year ended on that date;
- Notes A1 to E2 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Centuria Capital Fund and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

## Basis for Conclusion

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

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



### Responsibilities of the Directors for the Interim Financial Report

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

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Paul Thomas

*Partner*

Sydney

9 February 2022