

## **Centuria Capital Group Interim Financial Report for the half year ended 31 December 2022**

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.

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# Centuria Capital Group

## Interim Financial Report - 31 December 2022

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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 7 February 2023.

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## 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 2022 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
Mr Garry S. Charny	Independent Non-Executive Director and Chairman	23 February 2016
Ms Kristie R. Brown	Independent Non-Executive Director	15 February 2021
Mr Peter J. Done	Independent Non-Executive Director	28 November 2007
Mr Jason C. Huljich	Executive Director and Joint Chief Executive Officer	28 November 2007
Mr John E. McBain	Executive Director and Joint Chief Executive Officer	10 July 2006
Mr John R. Slater	Independent Non-Executive Director	22 May 2013
Ms Susan L. Wheeldon	Independent Non-Executive Director	31 August 2016

### Operating and financial review

The Group recorded a consolidated statutory net profit after tax for the half year of \$74,303,000 (half year ended 31 December 2021: \$112,687,000). Statutory net profit after tax has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, which comply with International Financial Reporting Standards.

The Group recorded an operating profit after tax for the half year of \$58,527,000 (half year ended 31 December 2021: \$58,712,000). 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 statutory NPAT includes a number of items that are not considered operating in nature, the table below provides a reconciliation from statutory profit to operating profit.

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Reconciliation of statutory profit to operating profit</b>		
Statutory profit after tax	74,303	112,687
Statutory earnings per Centuria Capital Group security (EPS) (cents)	9.3	13.8
<b>Less non-operating items:</b>		
Unrealised gain on fair value movements in derivatives, property and investments	(23,666)	(47,793)
Seed capital writeback	-	(957)
Corporate transaction and other costs	1,681	911
Profit attributable to controlled property funds	-	(5,785)
Eliminations between the operating and non-operating segment	-	568
Equity accounting adjustments	4,819	753
Tax impact of above non-operating adjustments	1,390	(1,672)
<b>Operating profit after tax</b>	<b>58,527</b>	<b>58,712</b>
<i>Operating EPS (cents)</i>	<b>7.4</b>	<b>7.4</b>

**Operating and financial review (continued)**

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

Operational highlights for the key divisions were as follows:

Segment	Operating profit after tax for the half year \$'000		Increase/ (Decrease) \$'000	Increase/ (Decrease) %	Highlights
	2022	2021			
Property Funds Management	40,389	39,746	643	2	(a)
Co-Investments	9,125	13,717	(4,592)	(33)	(b)
Developments	3,713	1,889	1,824	97	(c)
Property and Development Finance	2,654	1,353	1,301	96	(d)
Investment Bonds Management	636	2,944	(2,308)	(78)	(e)
Corporate	2,010	(937)	2,947	315	
<b>Operating profit after tax</b>	<b>58,527</b>	<b>58,712</b>			

**(a) Property Funds Management**

For the half year ended 31 December 2022, Property Funds Management operating NPAT of \$40,389,000 was higher than the previous half year ended 31 December 2021 by \$643,000. This increase is primarily due to higher management fees due to AUM growth, offset by lower acquisition fees and performance fees compared to the previous corresponding period.

For the half year ended 31 December 2022, excluding the after tax impact of performance fees, the Property Funds Management segment profit increased by \$3,760,000 or 14% reflecting the growth in AUM.

**(b) Co-Investments**

For the half year ended 31 December 2022, the Co-Investments segment operating profit after tax decreased by \$4,592,000 which is due to a combination of a full half-year impact of commitment fees on Revolver A and Revolver B in addition to higher interest rates in the period.

**(c) Developments**

For the half year ended 31 December 2022, the Developments segment operating net profit after tax increased by \$1,824,000 to \$3,713,000. This was primarily due to the recognition of development profit on the Wyatt Street development in addition to stronger development management fees due to expended number of projects.

**(d) Property and Development Finance**

For the half year ended 31 December 2022, the Property and Development Finance operating segment net profit after tax was \$2,654,000. This is an increase of \$1,301,000 compared to 31 December 2021 due to AUM increasing from \$0.6 billion to \$1.1 billion.

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.

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 2022, the Investment Bond Management segment's operating profit after tax decreased by \$2,308,000 to \$636,000 mainly due to the one-off fees received last half year when the Capital Guaranteed product transitioned into unitised products.

## Operating and financial review (continued)

## Earnings per security (EPS)

	31 December 2022		31 December 2021	
	Operating	Statutory	Operating	Statutory
Basic EPS (cents/security)	7.4	9.3	7.4	13.8
Diluted EPS (cents/security)	7.3	9.2	7.4	13.7

## 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 2022 dividend (100% franked)	0.90	7,114	11 August 2022
Final 2022 Trust distribution	4.60	36,363	11 August 2022
<b>Dividends/distributions declared during the half year</b>			
Interim 2023 dividend (100% franked)	1.20	9,557	9 February 2023
Interim 2023 Trust distribution	4.60	36,634	9 February 2023

## Events subsequent to the reporting date

From 31 December 2022 to 7 February 2023, the fair value gain on investments in listed funds is \$61,725,000, with the share price in CIP moving from \$3.12 to \$3.52 and the share price in COF moving from \$1.53 to \$1.73.

In February 2023, the Group received credit approval for a new 5-year \$50,000,000 secured note facility. The facility is a floating rate term loan facility with a margin of 2.60%.

Other than the above, there has not arisen in the interval between 31 December 2022 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.

## Likely developments

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

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

## Environmental regulation

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

## Indemnification of officers and auditor

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

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

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

**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 5.

**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.



Mr Garry S. Charny  
Director



Mr Peter J. Done  
Director

Sydney  
7 February 2023



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

To the Directors of Centuria Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the 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 2022 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

KPMG

Paul Thomas

*Partner*

Sydney

7 February 2023

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# Centuria Capital Group

Interim financial report - 31 December 2022

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# Consolidated interim statement of comprehensive income

For the half year ended 31 December 2022

	Notes	31 December 2022 \$'000	31 December 2021 \$'000
Revenue	B1, B2	154,011	141,287
Share of net profit of equity accounted investments	E1	792	2,181
Net movement in policyholder liability		(3,945)	6,755
Fair value movements of financial instruments and property	B3	26,952	58,788
Expenses	B4	(56,843)	(68,617)
Cost of sales		(15,563)	-
Finance costs	B5	(18,164)	(14,350)
<b>Profit before tax</b>		<b>87,240</b>	<b>126,044</b>
Income tax expense		(12,937)	(13,357)
<b>Profit after tax</b>		<b>74,303</b>	<b>112,687</b>
<b>Profit after tax is attributable to:</b>			
Centuria Capital Limited		25,241	25,518
Centuria Capital Fund (non-controlling interests)		49,056	83,751
External non-controlling interests		6	3,418
<b>Profit after tax</b>		<b>74,303</b>	<b>112,687</b>
<b>Other comprehensive income</b>			
Foreign currency translation reserve		9,019	2,295
<b>Total comprehensive income for the period</b>		<b>83,322</b>	<b>114,982</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Centuria Capital Limited		34,260	27,813
Centuria Capital Fund (non-controlling interests)		49,056	83,751
External non-controlling interests		6	3,418
<b>Total comprehensive income</b>		<b>83,322</b>	<b>114,982</b>
<b>Total profit after tax for the period attributable to Centuria Capital Group securityholders:</b>			
Centuria Capital Limited		25,241	25,518
Centuria Capital Fund (non-controlling interests)		49,056	83,751
<b>Total profit/(loss) for the period is attributable to Centuria Capital Group securityholders</b>		<b>74,297</b>	<b>109,269</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per Centuria Capital Group security</b>			
Basic (cents per stapled security)		9.3	13.8
Diluted (cents per stapled security)		9.2	13.7
<b>Earnings per Centuria Capital Limited share</b>			
Basic (cents per share)		3.2	3.2
Diluted (cents per share)		3.1	3.2

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 2022

		31 December 2022	30 June 2022
	Notes	\$'000	\$'000 <sup>1</sup>
Cash and cash equivalents		154,889	200,565
Receivables	C2	127,489	113,487
Income tax receivable		9,502	3,549
Financial assets	C3	1,013,922	961,692
Other assets		15,356	9,972
Inventory	C5	161,152	134,783
Deferred tax assets		49,173	50,006
Equity accounted investments	E1	105,663	74,769
Investment properties	C4	-	337,500
Right of use asset		21,241	17,006
Intangible assets	C6	794,467	791,521
<b>Total assets</b>		<b>2,452,854</b>	<b>2,694,850</b>
Payables	C7	90,590	134,619
Provisions		5,434	5,113
Borrowings	C8	470,462	629,385
Provision for income tax		3,614	4,165
Interest rate swaps at fair value		18,228	18,750
Benefit Funds policyholder's liability		269,586	270,557
Deferred tax liabilities		105,584	95,522
Call/Put option liability		36,052	84,095
Lease liability		23,837	19,443
<b>Total liabilities</b>		<b>1,023,387</b>	<b>1,261,649</b>
<b>Net assets</b>		<b>1,429,467</b>	<b>1,433,201</b>
<b>Equity attributable to Centuria Capital Limited</b>			
Contributed equity	C9	393,553	389,717
Reserves		12,106	3,491
Retained earnings		295,242	284,478
<b>Total equity attributable to Centuria Capital Limited</b>		<b>700,901</b>	<b>677,686</b>
<b>Equity attributable to Centuria Capital Fund (non-controlling interests)</b>			
Contributed equity	C9	1,029,975	1,025,584
Retained earnings		(304,778)	(313,452)
<b>Total equity attributable to Centuria Capital Fund (non-controlling interests)</b>		<b>725,197</b>	<b>712,132</b>
<b>Total equity attributable to Centuria Capital Group securityholders</b>		<b>1,426,098</b>	<b>1,389,818</b>
<b>Equity attributable to external non-controlling interests</b>			
Contributed equity		3,358	15,683
Retained earnings		11	27,700
<b>Total equity attributable to external non-controlling interests</b>		<b>3,369</b>	<b>43,383</b>
<b>Total equity</b>		<b>1,429,467</b>	<b>1,433,201</b>

<sup>1</sup> See note C6 for details in relation to the prior period restatement within assets.

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 2022

	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 equity \$'000	Retained equity earnings \$'000	Retained earnings \$'000		Contributed equity \$'000	Retained earnings \$'000	Total \$'000		
<b>Balance at 1 July 2022</b>	389,717	3,491	284,478	677,686	1,025,584	(313,452)	712,132	<b>1,389,818</b>	15,683	27,700	43,383	<b>1,433,201</b>
Profit for the period	-	-	25,241	25,241	-	49,056	49,056	<b>74,297</b>	-	6	6	<b>74,303</b>
Foreign currency translation reserve	-	9,019	-	9,019	-	-	-	<b>9,019</b>	-	-	-	<b>9,019</b>
<b>Total comprehensive income for the period</b>	-	<b>9,019</b>	<b>25,241</b>	<b>34,260</b>	-	<b>49,056</b>	<b>49,056</b>	<b>83,316</b>	-	<b>6</b>	<b>6</b>	<b>83,322</b>
Equity settled share based payments expense	2,970	(404)	-	2,566	-	-	-	<b>2,566</b>	-	-	-	<b>2,566</b>
Dividends and distributions paid/accrued	-	-	(12,327)	(12,327)	-	(36,740)	(36,740)	<b>(49,067)</b>	-	-	-	<b>(49,067)</b>
Stapled securities issued	867	-	-	867	4,397	-	4,397	<b>5,264</b>	-	-	-	<b>5,264</b>
Cost of equity raising	(1)	-	-	(1)	(6)	-	(6)	<b>(7)</b>	-	-	-	<b>(7)</b>
Issued equity to non-controlling interests	-	-	-	-	-	-	-	-	464	-	464	<b>464</b>
Deconsolidation of controlled property funds*	-	-	(2,150)	(2,150)	-	(3,642)	(3,642)	<b>(5,792)</b>	(12,789)	(27,695)	(40,484)	<b>(46,276)</b>
<b>Balance at 31 December 2022</b>	<b>393,553</b>	<b>12,106</b>	<b>295,242</b>	<b>700,901</b>	<b>1,029,975</b>	<b>(304,778)</b>	<b>725,197</b>	<b>1,426,098</b>	<b>3,358</b>	<b>11</b>	<b>3,369</b>	<b>1,429,467</b>

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

The above consolidated 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 2021

	Centuria Capital Limited			Centuria Capital Fund (non-controlling interests)			Total attributable to Centuria Capital Group securityholders \$'000	External non-controlling interests			Total equity \$'000	
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Contributed equity \$'000	Retained 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>2,295</b>	<b>25,518</b>	<b>27,813</b>	-	<b>83,751</b>	<b>83,751</b>	<b>111,564</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 cash flows

For the half year ended 31 December 2022

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Cash flows from operating activities</b>		
Management fees received	113,925	93,948
Performance fees received	-	5,143
Rent received	2,840	9,593
Distributions received	27,736	25,567
Cash received on development projects	-	32,866
Interest received	4,136	990
Payments to suppliers and employees	(76,920)	(62,800)
Interest paid	(14,354)	(11,470)
Income taxes paid	(8,346)	(5,527)
Applications - Benefits Funds	6,756	17,650
Redemptions - Benefits Funds	(10,787)	(27,520)
<b>Net cash provided by operating activities</b>	<b>44,986</b>	<b>78,440</b>
<b>Cash flows from investing activities</b>		
Purchase of investments in related parties	(43,193)	(96,845)
Benefit Funds net disposals of investments in financial assets	29,051	126,972
Deposits paid	-	(34,465)
Proceeds from sale of related party investments	26,268	32,499
Repayment of loans by related parties	42,850	40,523
Payments for property, plant and equipment	(4,905)	(1,672)
Payments of balances held in trust for related parties	(14,802)	-
Loans to related parties	(41,000)	(37,817)
Payments made for amounts received in advance for redemption	(11,023)	-
Sale/(purchase) of property held for development	(23,337)	(21,008)
Collections from reverse mortgage holders	390	3,377
Purchase of equity accounted investments	(48,677)	(22,960)
Loans provided to other parties	(33,499)	-
Disposal of equity accounted investments	49,159	3,250
Return of cash from equity accounted investments	-	2,156
Cash balance on deconsolidation of property funds	(6,043)	(4,962)
<b>Net cash provided by/(used in) investing activities</b>	<b>(78,761)</b>	<b>(10,952)</b>
<b>Cash flows from financing activities</b>		
Distributions paid to securityholders of Centuria Capital Group	(46,353)	(44,512)
Proceeds from borrowings	30,000	21,429
Repayment of borrowings	(584)	(24,892)
Equity raising costs paid	(7)	(496)
Distributions paid to external non-controlling interests	-	(1,978)
Proceeds from issues of securities to external non-controlling interests	5,264	2,895
Costs paid to issue debt	(302)	(406)
<b>Net cash used in financing activities</b>	<b>(11,982)</b>	<b>(47,960)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(45,757)</b>	<b>19,528</b>
Cash and cash equivalents at the beginning of the period	200,565	273,351
Effects of exchange rate changes on cash and cash equivalents	81	263
<b>Cash and cash equivalents at end of period</b>	<b>154,889</b>	<b>293,142</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 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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 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 2022 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 2022 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated interim financial statements.

### Foreign currency transactions

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

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

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

- an investment in equity securities designated as at Fair value through OCI (FVOCI) (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

### Foreign operations

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

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

### A3 New Accounting Standards and Interpretations

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

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

#### *Standards now effective:*

#### **AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments**

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture.

#### *Standards not yet effective:*

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

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

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

### A4 Use of judgements and estimates

In preparing these consolidated 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 financial statements are included in the following notes:

- Note B2 Revenue - Performance fees
- Note C6 Intangible assets
- Note F1 Financial instruments

## A5 Segment summary

As at 31 December 2022 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:

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

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

Non-operating segments	Description
Non-operating items	Comprises transaction costs, mark-to-market movements 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 fees 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 2022	Property	Co-	Property	Property	Investment	Operating	Non	Controlled			Statutory		
	Funds	Investments	development	and	Bonds	Corporate	operating	Benefits	Property	Eliminations	profit		
Notes	\$'000	\$'000	\$'000	finance	Management	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Management fees	69,233	-	7,454	-	3,997	-	80,684	-	-	-	(1,714)	78,970	
Property acquisition fees	9,265	-	-	-	-	-	9,265	-	-	-	-	9,265	
Property performance fees	14,645	-	-	-	-	-	14,645	-	-	-	-	14,645	
Financing fees	411	-	-	2,839	-	-	3,250	(2,839)	-	-	-	411	
Underwriting fees	1,266	-	-	-	-	-	1,266	-	-	-	-	1,266	
Development revenue	-	-	17,923	-	-	-	17,923	-	-	-	-	17,923	
Property sales fees	875	-	-	-	-	-	875	-	-	-	-	875	
Interest revenue	-	3,507	-	2,585	-	1,368	7,460	(2,585)	631	-	(28)	5,478	
Rental income	-	2,455	10	-	-	-	2,465	-	-	6	-	2,471	
Recoverable outgoings	-	-	-	-	-	-	-	-	-	-	-	-	
Distribution/dividend revenue	-	20,047	-	-	-	-	20,047	(1,819)	3,212	-	-	21,440	
Premiums - discretionary participation features	-	-	-	-	-	-	-	-	-	-	-	-	
Other income	209	7	220	650	270	481	1,837	(650)	80	-	-	1,267	
<b>Total Revenue</b>	<b>B2</b>	<b>95,904</b>	<b>26,016</b>	<b>25,607</b>	<b>6,074</b>	<b>4,267</b>	<b>1,849</b>	<b>159,717</b>	<b>(7,893)</b>	<b>3,923</b>	<b>6</b>	<b>(1,742)</b>	<b>154,011</b>
Share of profit from equity accounted investments	E1	-	-	-	-	-	-	792	-	-	-	792	
Net movement in policyholder liabilities	-	-	-	-	-	-	-	-	(3,945)	-	-	(3,945)	
Fair value movements of financial instruments and property	-	-	-	-	-	-	-	23,666	3,286	-	-	26,952	
Expenses	B4	(39,817)	(37)	(4,327)	(2,282)	(2,944)	(8,633)	(58,040)	1,203	(1,720)	-	1,714	(56,843)
Cost of sales	-	-	(15,563)	-	-	-	(15,563)	-	-	-	-	(15,563)	
Finance costs	B5	(7)	(15,594)	(4)	(1)	-	(29)	(15,635)	(609)	-	-	28	(16,216)
Finance charges - puttable instruments and reverse mortgages	B5	(1,042)	-	-	-	-	(906)	(1,948)	-	-	-	(1,948)	
<b>Profit/(Loss) before tax</b>		<b>55,038</b>	<b>10,385</b>	<b>5,713</b>	<b>3,791</b>	<b>1,323</b>	<b>(7,719)</b>	<b>68,531</b>	<b>17,159</b>	<b>1,544</b>	<b>6</b>	<b>-</b>	<b>87,240</b>
Income tax benefit/(expense)		(14,649)	(1,260)	(2,000)	(1,137)	(687)	9,729	(10,004)	(1,389)	(1,544)	-	-	(12,937)
<b>Profit/(Loss) after tax</b>		<b>40,389</b>	<b>9,125</b>	<b>3,713</b>	<b>2,654</b>	<b>636</b>	<b>2,010</b>	<b>58,527</b>	<b>15,770</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>74,303</b>
<b>Profit/(Loss) after tax attributable to:</b>													
Centuria Capital Limited		40,389	2,107	3,713	2,654	636	(30,763)	18,736	6,505	-	-	-	25,241
Centuria Capital Fund		-	7,018	-	-	-	32,773	39,791	9,265	-	-	-	49,056
<b>Profit/(Loss) after tax attributable to Centuria Capital Group</b>		<b>40,389</b>	<b>9,125</b>	<b>3,713</b>	<b>2,654</b>	<b>636</b>	<b>2,010</b>	<b>58,527</b>	<b>15,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,297</b>
<b>Securityholders</b>													
Non-controlling interests		-	-	-	-	-	-	-	-	-	6	-	6
<b>Profit/(Loss) after tax</b>		<b>40,389</b>	<b>9,125</b>	<b>3,713</b>	<b>2,654</b>	<b>636</b>	<b>2,010</b>	<b>58,527</b>	<b>15,770</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>74,303</b>

## B1 Segment profit and loss (continued)

For the half year 31 December 2021	Property	Co-	Property	Investment	Corporate	Operating	Non	Controlled		Statutory			
	Funds	Investments	and	Bonds				Benefits	Property		Eliminations	profit	
Notes	\$'000	\$'000	development	Management	\$'000	\$'000	\$'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	2,783	-	-	3,943	(2,783)	-	-	-	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	668	8	1,404	3,192	(668)	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 net profit of 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	B4	(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	B5	(10)	(8,361)	-	-	(1)	(99)	(8,471)	(549)	(1)	(949)	30	(9,940)
Finance charges - puttable instruments and reverse mortgages	B5	(3,342)	-	-	-	-	(1,068)	(4,410)	-	-	-	-	(4,410)
<b>Profit/(Loss) before tax</b>		<b>59,160</b>	<b>14,094</b>	<b>2,698</b>	<b>1,933</b>	<b>3,798</b>	<b>(10,186)</b>	<b>71,497</b>	<b>47,086</b>	<b>2,244</b>	<b>5,785</b>	<b>(568)</b>	<b>126,044</b>
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>

## B2 Revenue

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

### (a) 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 2022 \$'000	Balance of unrecognised performance obligations as at 31 Dec 2022 \$'000	Recognised in Half-year ended 31 Dec 2021 \$'000	Balance of unrecognised performance obligations as at 31 Dec 2021 \$'000
Management fees**	20,014	76,702	27,123	95,302
Property performance fee*	14,645	161,847	19,098	24,759
Development revenue	17,923	83,010	-	-

\* The underlying property funds managed by the Group have embedded performance fees of \$207,520,330 as at 31 December 2022 (\$58,843,000 at 31 December 2021). The total estimated amount of performance fees available to the Group to recognise is \$161,847,000 (31 December 2021: \$24,759,000). Unrecognised performance fees are based on current valuations with fund expiries ranging up to FY30 and may not be fees that will eventuate nor recognised upon Fund expiry or at the point performance fees recognition will normally be triggered.

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

### (b) Transactions with related parties

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

	31 December 2022 \$	31 December 2021 \$
Management fees from Property Funds managed by Centuria	76,686,394	62,136,953
Distributions from Property Funds managed by Centuria	18,227,858	19,489,709
Performance fees from Property Funds managed by Centuria	14,645,432	19,098,488
Property acquisition fees from Property Funds managed by Centuria	9,265,175	16,984,148
Management fees from Over Fifty Guardian Friendly Society	1,700,589	1,868,668
Interest income on loans to Property Funds managed by Centuria	1,697,299	673,144
Underwriting fees in relation to Property Funds managed by Centuria	1,266,260	1,399,836
Sales fees from Property Funds managed by Centuria	875,249	1,428,600
Interest income on loan to Bass Property Credit Fund	282,866	-
Interest income on loan to Centuria Bass Credit Fund	58,511	-
Fees from Debt funds managed by Centuria	-	99,655
	<b>124,705,633</b>	<b>123,179,201</b>

#### Terms and conditions of transactions with related parties

Investments in property funds and benefit funds held by certain directors and director-related entities are made on the same terms and conditions as all other investors and policyholders. Directors and director-related entities receive the same returns on these investments as all other investors and policyholders. The Group pays some expenses on behalf of related entities and receives a reimbursement for those payments.

## B3 Fair value movements of financial instruments and property

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

	31 December 2022 \$'000	31 December 2021 \$'000
Movement in Centuria Industrial REIT's listed market price	31,340	39,465
Movement in Centuria Office REIT's listed market price	(15,978)	5,954
Fair value movement in Healthcare put/call option	12,643	(5,058)
Other fair value movements	(1,053)	18,427
<b>Total fair value movement</b>	<b>26,952</b>	<b>58,788</b>

## B4 Expenses

	31 December 2022 \$'000	31 December 2021 \$'000
Employee benefits expense	41,796	35,218
Depreciation Expense	2,696	2,070
Insurance costs	2,532	2,205
Consulting and professional fees	1,802	1,996
Property management fees paid	1,697	2,323
Information Technology expenses	1,311	1,445
Transaction costs	1,096	245
Administration fees	917	1,184
Property outgoing and fund expenses	249	2,818
Other expenses	2,747	6,097
Claims - discretionary participation features	-	11,756
Rebates expense	-	1,260
	<b>56,843</b>	<b>68,617</b>

### (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.

## B5 Finance costs

	31 December 2022 \$'000	31 December 2021 \$'000
Operating interest charges	15,604	8,445
Bank loans in Controlled Property Funds interest charges	-	949
Finance lease interest	611	546
<b>Total Finance costs</b>	<b>16,215</b>	<b>9,940</b>
Finance charge - puttable instruments	1,043	3,342
Reverse mortgage facility interest charges	906	1,068
Fair value (gain)/loss on derivatives	(477)	(1,632)
Fair value loss/(gain) on financial assets - reverse mortgages	477	1,632
<b>Total Finance charges - puttable instruments and reverse mortgages</b>	<b>1,949</b>	<b>4,410</b>
	<b>18,164</b>	<b>14,350</b>

### B6 Dividends and distributions

	31 December 2022		31 December 2021	
	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)	0.90	7,114	2.10	12,605
Final year-end distribution	4.60	36,363	3.40	20,408
<b>Dividends/distributions declared during the half year</b>				
interim dividend (fully franked) <sup>(i)</sup>	1.20	9,557	1.20	9,482
interim distribution <sup>(i)</sup>	4.60	36,634	4.30	33,977

<sup>(i)</sup> The Group declared a dividend/distribution in respect of the half year ended 31 December 2022 of 5.8 cents per stapled security which included a dividend of 1.2 cents per share and a distribution of 4.6 cents per security. The final dividend/distribution had a record date of 30 December 2022 and is payable on 9 February 2023. The total amount payable of \$46,191,083 has been provided as a liability in these financial statements.

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## C Assets and liabilities

### C1 Segment balance sheet

As at 31 December 2022		Property Funds Management	Co- Investments	Development	Property and development finance	Investment Bonds Management	Corporate	Operating balance sheet	Benefits Funds	Controlled Property Funds	Eliminations	Statutory balance sheet
Notes		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>												
		41,790	22,522	1,530	-	17,014	32,819	115,675	38,642	572	-	154,889
		81,365	8,159	19,471	-	62	15,865	124,922	1,708	859	-	127,489
		-	-	-	-	-	9,502	9,502	-	-	-	9,502
		-	754,932	-	-	-	32,951	787,883	230,592	31	(4,584)	1,013,922
		2,281	-	1	-	105	12,969	15,356	-	-	-	15,356
		-	108,749	45,322	-	-	1,701	155,772	-	5,648	(268)	161,152
		29,912	-	4,107	-	151	11,739	45,909	3,264	-	-	49,173
		-	76,087	2,718	26,858	-	-	105,663	-	-	-	105,663
		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	21,241	21,241	-	-	-	21,241
		794,467	-	-	-	-	-	794,467	-	-	-	794,467
		<b>949,815</b>	<b>970,449</b>	<b>73,149</b>	<b>26,858</b>	<b>17,332</b>	<b>138,787</b>	<b>2,176,390</b>	<b>274,206</b>	<b>7,110</b>	<b>(4,852)</b>	<b>2,452,854</b>
<b>Liabilities</b>												
		17,165	53,383	6,463	-	2,482	9,431	88,924	1,503	357	(194)	90,590
		3,039	-	-	-	-	2,395	5,434	-	-	-	5,434
		-	466,876	-	-	-	4,860	471,736	-	-	(1,274)	470,462
		2,128	34	-	-	-	-	2,162	1,452	-	-	3,614
		-	-	-	-	-	18,228	18,228	-	-	-	18,228
		-	-	-	-	-	-	-	269,586	-	-	269,586
		100,249	1,458	-	-	720	1,492	103,919	1,665	-	-	105,584
		-	-	-	-	-	36,052	36,052	-	-	-	36,052
		-	-	-	-	-	23,837	23,837	-	-	-	23,837
		<b>122,581</b>	<b>521,751</b>	<b>6,463</b>	<b>-</b>	<b>3,202</b>	<b>96,295</b>	<b>750,292</b>	<b>274,206</b>	<b>357</b>	<b>(1,468)</b>	<b>1,023,387</b>
		<b>827,234</b>	<b>448,698</b>	<b>66,686</b>	<b>26,858</b>	<b>14,130</b>	<b>42,492</b>	<b>1,426,098</b>	<b>-</b>	<b>6,753</b>	<b>(3,384)</b>	<b>1,429,467</b>

## Assets and liabilities

### C1 Segment balance sheet (continued)

As at 30 June 2022	Notes	Property Funds Management \$'000	Co- Investments \$'000	Development \$'000	Property and development finance \$'000	Investment Bonds Management \$'000	Corporate \$'000	Operating balance sheet \$'000	Benefits Funds \$'000	Controlled Property Funds \$'000	Eliminations \$'000	Statutory balance sheet \$'000
<b>Assets</b>												
Cash and cash equivalents		94,123	11,763	39,313	-	7,616	32,184	<b>184,999</b>	9,503	6,063	-	<b>200,565</b>
Receivables	C2	72,451	14,034	10,250	-	388	8,818	<b>105,941</b>	4,187	3,359	-	<b>113,487</b>
Income tax receivable		-	-	-	-	-	3,549	<b>3,549</b>	-	-	-	<b>3,549</b>
Financial assets	C3	-	726,579	-	-	-	38,008	<b>764,587</b>	257,328	31	(60,254)	<b>961,692</b>
Other assets		-	-	-	-	63	9,909	<b>9,972</b>	-	-	-	<b>9,972</b>
Inventory		-	88,712	40,690	-	-	-	<b>129,402</b>	-	5,648	(267)	<b>134,783</b>
Deferred tax assets		22,883	1,182	4,668	-	373	17,512	<b>46,618</b>	3,388	-	-	<b>50,006</b>
Equity accounted investments		-	49,117	-	25,765	-	-	<b>74,882</b>	-	-	(113)	<b>74,769</b>
Investment properties	C4	-	-	-	-	-	-	-	-	337,500	-	<b>337,500</b>
Right of use asset		-	-	-	-	-	17,006	<b>17,006</b>	-	-	-	<b>17,006</b>
Intangible assets*	C6	791,521	-	-	-	-	-	<b>791,521</b>	-	-	-	<b>791,521</b>
<b>Total assets</b>		<b>980,978</b>	<b>891,387</b>	<b>94,921</b>	<b>25,765</b>	<b>8,440</b>	<b>126,986</b>	<b>2,128,477</b>	<b>274,406</b>	<b>352,601</b>	<b>(60,634)</b>	<b>2,694,850</b>
<b>Liabilities</b>												
Payables	C7	35,549	61,835	6,353	-	2,832	19,549	<b>126,118</b>	1,018	7,677	(194)	<b>134,619</b>
Provisions		3,002	-	-	-	-	2,111	<b>5,113</b>	-	-	-	<b>5,113</b>
Borrowings	C8	-	436,705	-	-	-	3,606	<b>440,311</b>	-	190,239	(1,165)	<b>629,385</b>
Provision for income tax		2,620	-	-	-	-	395	<b>3,015</b>	1,150	-	-	<b>4,165</b>
Interest rate swap at fair value		-	-	-	-	-	18,750	<b>18,750</b>	-	-	-	<b>18,750</b>
Benefit Funds policy holders' liability		-	-	-	-	-	-	-	270,557	-	-	<b>270,557</b>
Call/Put option liability		-	-	-	-	-	48,695	<b>48,695</b>	-	-	35,400	<b>84,095</b>
Deferred tax liability		93,310	-	192	-	275	64	<b>93,841</b>	1,681	-	-	<b>95,522</b>
Lease liability		-	-	-	-	-	19,443	<b>19,443</b>	-	-	-	<b>19,443</b>
<b>Total liabilities</b>		<b>134,481</b>	<b>498,540</b>	<b>6,545</b>	<b>-</b>	<b>3,107</b>	<b>112,613</b>	<b>755,286</b>	<b>274,406</b>	<b>197,916</b>	<b>34,041</b>	<b>1,261,649</b>
<b>Net assets</b>		<b>846,497</b>	<b>392,847</b>	<b>88,376</b>	<b>25,765</b>	<b>5,333</b>	<b>14,373</b>	<b>1,373,191</b>	<b>-</b>	<b>154,685</b>	<b>(94,675)</b>	<b>1,433,201</b>

\* See note C6 for details in relation to the prior period restatement within assets.

## Assets and liabilities

### C2 Receivables

	31 December 2022 \$'000	30 June 2022 \$'000
Receivables from related parties (refer to note C2(a))	98,828	92,342
Other receivables	26,676	21,047
Contract assets	1,985	98
	<b>127,489</b>	<b>113,487</b>

All receivables are current except for \$33,964,099 of performance fees receivable which are included within Receivables from related parties.

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 2022 \$	30 June 2022 \$
Performance fees accrued from property funds managed by Centuria	45,696,479	35,863,456
Management fees owing from property funds managed by Centuria	23,980,499	26,216,186
Recoverable expenses owing from property funds managed by Centuria	17,754,642	16,825,906
Distribution receivable from Centuria Industrial REIT	4,108,224	4,373,677
Distribution receivable from Centuria Office REIT	4,126,119	3,780,375
Deposits receivable from property funds managed by Centuria	1,708,822	3,757,900
Distribution receivable from unlisted property funds managed by Centuria	571,956	1,238,847
Redemption receivable of property funds managed by Centuria	881,000	-
Sales fees owing from property funds managed by Centuria	-	286,032
	<b>98,827,741</b>	<b>92,342,379</b>

### C3 Financial assets

	31 December 2022 \$'000	30 June 2022 \$'000
Investment in related party unit trusts at fair value (refer to Note C3(a))	669,505	608,729
Investments in trusts, shares and other financial instruments at fair value	213,914	242,834
Loans receivable from related parties - non-current (refer to Note C3(b))	47,186	70,045
Reverse mortgage receivables <sup>(i)</sup>	39,645	40,084
Loans receivable from related parties - current (refer to Note C3(b))	23,152	-
Loans receivable from other parties	20,520	-
	<b>1,013,922</b>	<b>961,692</b>

Financial assets are classified as non-current assets unless noted above.

<sup>(i)</sup> Whilst some mortgages are likely to be repaid during the next 12 months, the Group does not control the repayment date.



**C3 Financial assets (continued)**

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

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

	31 December 2022			30 June 2022		
	Fair value \$	Units held	Ownership %	Fair value \$	Units held	Ownership %
<b>Financial assets held by the Group</b>						
Centuria Industrial REIT	315,415,686	101,094,771	15.92%	284,076,307	101,094,771	15.92%
Centuria Office REIT	139,372,852	91,093,367	15.25%	154,858,724	91,093,367	15.25%
Centuria NZ Industrial Fund	41,489,322	25,015,037	10.00%	39,932,013	25,015,037	10.00%
Centuria Agriculture Fund	27,226,714	27,289,479	19.16%	-	-	0%
Centuria Healthcare Direct Medical Fund No.2	24,990,709	18,673,473	12.04%	25,483,689	18,673,473	12.04%
Prime Healthcare Holding Trust	21,994,120	21,994,120	10.00%	21,500,000	21,500,000	10.00%
Asset Plus Limited	15,231,201	72,507,288	19.99%	17,329,033	72,507,288	19.99%
Matrix Trust	14,257,312	11,970,875	6.43%	11,092,900	9,313,938	5.00%
Centuria 111 St Georges Terrace Fund	13,223,219	3,408,046	17.66%	-	-	0%
Dragon Hold Trust	9,696,223	969,622,257	10.00%	9,696,223	969,622,257	10.00%
Centuria NZ Healthcare Property Fund	7,964,122	9,172,442	14.18%	4,997,192	5,734,989	13.15%
Centuria NZ Property Fund	5,012,268	5,199,977	6.10%	5,224,905	5,000,000	6.27%
Pialba Place Trust	4,513,824	5,129,345	23.32%	4,375,331	5,129,345	23.32%
Primewest Agricultural Trust No. 2	4,324,000	4,324,000	12.59%	6,775,000	6,775,000	19.81%
Centuria Healthcare Aged Care Property Fund No.1	3,514,342	5,513,559	9.21%	2,954,165	5,513,559	9.21%
Centuria Bass First Mortgage Fund No. 1	2,325,547	2,325,547	6.84%	-	-	0%
Centuria Government Income Property Fund	643,539	643,539	0.48%	643,539	643,539	0.64%
Centuria Bass First Mortgage Fund No. 3	393,239	393,239	3.09%	-	-	0%
Primewest 251 St Georges Terrace Trust	115,000	100,000	0.26%	101,300	100,000	0.26%
Centuria 25 Grenfell Street Fund	42,011	40,010	0.08%	40,010	40,010	0.08%
Primewest Large Format Retail Trust No. 2	-	-	0%	3,407,301	3,097,546	7.29%
	<u>651,745,250</u>			<u>592,487,632</u>		
<b>Financial assets held by the Benefit Funds</b>						
Centuria Office REIT	10,352,468	6,766,319	1.13%	11,502,742	6,766,319	1.32%
Centuria Industrial REIT	3,994,598	1,280,320	0.20%	3,597,699	1,280,320	0.25%
Centuria Bass First Mortgage Fund No. 2	1,250,000	1,250,000	6.59%	-	-	0%
Centuria SOP Fund	1,085,300	1,000,000	3.28%	1,140,900	1,000,000	3.28%
Centuria Bass First Mortgage Fund No. 3	1,076,923	1,076,923	8.47%	-	-	0%
	<u>17,759,289</u>			<u>16,241,341</u>		
	<u>669,504,539</u>			<u>608,728,973</u>		

## 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 2022 \$'000	30 June 2022 \$'000
Opening balance	608,729	664,304
Investment purchases	43,593	160,789
Disposal	(26,185)	(80,478)
Foreign currency translation	2,084	(2,448)
Fair value gain/(loss)	15,088	(146,692)
Carrying value transferred from equity accounted investments	26,196	13,254
	<u>669,505</u>	<u>608,729</u>

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

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

	31 December 2022 \$'000	30 June 2022 \$'000
Bass Property Credit Fund	19,141	-
Centuria Bass Credit Fund	4,011	-
Centuria NZ Healthcare Property Fund	47,186	70,045
	<u>70,338</u>	<u>70,045</u>

	31 December 2022 \$'000	30 June 2022 \$'000
Opening balance	70,045	-
Drawdowns	41,000	84,185
Capitalised Interest	1,782	255
Repayments	(44,256)	(13,600)
Foreign Currency	1,767	(795)
	<u>70,338</u>	<u>70,045</u>

\$47,186,244 of the loan receivable from Centuria NZ Healthcare Property Fund accrues interest at 4.75% per annum and does not have a maturity date and therefore is considered non-current.

\$23,151,890 of the loans to Bass Property Credit Fund and Centuria Bass Credit Fund have a maturity date which is the earliest of 22 December 2023 or such other date as the Fund and borrower may agree in writing. The loans are therefore considered current.

### C4 Investment properties

Property	31 December 2022 \$'000	30 June 2022 \$'000
264 Copelands Rd, Warragul VIC	-	177,000
111 St George Terrace, Perth WA	-	160,500
	<u>-</u>	<u>337,500</u>

All investment properties are considered non-current.

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

## Assets and liabilities

### C4 Investment properties (continued)

	31 December 2022 \$'000	30 June 2022 \$'000
Opening balance	337,500	208,140
Capital improvements and associated costs	-	385
Gain/(loss) on fair value	-	2,251
Change in deferred rent and lease incentives	-	(1,136)
Deconsolidation of controlled property funds	(337,500)	(49,140)
Acquisition of subsidiary	-	177,000
<b>Closing balance ^</b>	<b>-</b>	<b>337,500</b>

^ The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees amounting to \$nil (30 June 2022: \$10,577,700).

### C5 Inventory

	31 December 2022 \$'000	30 June 2022 \$'000
Property held for development	52,403	45,679
Properties held for sale	108,749	89,104
	<b>161,152</b>	<b>134,783</b>

Properties held for sale are classified as current.

Property held for development are classified as non-current.

#### (a) Property held for development

	Carrying value at 31 December 2022 \$'000	Carrying value at 30 June 2022 \$'000
54 Cook Street, Auckland, New Zealand (i)	29,115	24,174
17 - 19 Man Street, Queenstown, New Zealand	16,207	14,447
741 Cudgen Road, Cudgen, Australia	5,648	5,648
27 - 29 Young St, West Gosford, Australia	1,433	1,410
	<b>52,403</b>	<b>45,679</b>
	<b>31 December 2022 \$'000</b>	<b>30 June 2022 \$'000</b>
Opening Balance	45,679	53,744
Capital expenditure	3,563	16,390
Foreign currency translation	1,434	(1,429)
Acquisitions	-	11,025
Disposals (ii)	-	(30,062)
Reversal of impairment/(impairment)	1,727	(3,989)
	<b>52,403</b>	<b>45,679</b>

(i) On 7 November 2022, the Group signed a conditional sale on 54 Cook Street, Auckland for NZ\$32,250,000 and is expected to settle in February 2023.

(ii) Disposals for the prior period include 209 Kotham Road, Victoria and 57 Wyatt Street, South Australia.

## C5 Inventory (continued)

### (b) Property held for sale

On 31 March 2022, the Group acquired 13 Healthcare properties from Heritage Lifecare for NZ\$98,700,000. As at 31 December 2022, the properties were revalued to NZ\$93,490,000. As at 31 December 2022, the Group has a loan receivable of \$47,186,244 with CNZHPPF.

On 7 October 2022, the Group acquired the Macmurray Road residential property for NZ\$22,598,000.

	Carrying value at 31 December 2022 \$'000	Carrying value at 30 June 2022 \$'000
1 & 1a Macmurray Road 4, 6, 10 and 10a Robert Hall Avenue, Remuera, Auckland	21,464	-
16 Anvers Place, Christchurch (Hoon Hay Rest Home)	12,044	12,794
1 Hennessy Place, Christchurch (George Manning)	11,950	12,485
10 Danvers Street, Hastings (Waiapu Lifecare)	10,923	11,382
202 - 204 Kamo Road, Whangarei (Puriri Court Lifecare)	10,354	10,707
69 Moehau Street, Te Puke (Carter House Lifecare)	8,449	8,603
51 Botanical Road, Tauranga (Hodgson House Lifecare)	8,263	7,633
361 Mangorei Road, New Plymouth (Riverside Lifecare)	6,255	6,397
117 Shakespeare Street, West Coast (Granger House Lifecare)	6,069	6,088
50 McLauchlan Street, Blenheim (Waterlea Lifecare)	6,022	6,176
1 Cargill Street, Invercargill (Cargill Lifecare)	3,081	3,045
124 Maxwell Road, Marlborough (Maxwell Lifecare)	2,194	2,118
15 Karina Terrace, Palmerston (Karina Lifecare)	1,681	1,676
	<b>108,749</b>	<b>89,104</b>
	<b>31 December 2022 \$'000</b>	<b>30 June 2022 \$'000</b>
Opening Balance	89,104	-
Acquisitions	20,246	91,366
Impairment	(4,884)	-
Foreign currency translation	4,283	(2,262)
	<b>108,749</b>	<b>89,104</b>

## Assets and liabilities

### C6 Intangible assets

	31 December 2022 \$'000	30 June 2022 \$'000
Goodwill*	485,535	483,269
Indefinite life management rights	308,932	308,252
	<u>794,467</u>	<u>791,521</u>
	31 December 2022 \$'000	30 June 2022 \$'000
Opening balance	791,521	790,551
Foreign currency translation	2,946	(2,574)
Purchase price accounting adjustments*	-	3,544
	<u>794,467</u>	<u>791,521</u>

Goodwill and intangible assets are classified as non-current.

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

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

#### Key estimates and judgements

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

##### Revenue

Revenues in 2023 are based on the Board approved budget for 2023 and are assumed to increase at a rate of 7.5% (30 June 2022: 7.5%) per annum for years 2024-2027. The directors believe this is a prudent and achievable growth rate based on past experience.

##### Expenses

Expenses in 2023 are based on the budget for 2023 and are assumed to increase at a rate of 5.0% (30 June 2022: 5.0%) per annum for the years 2024-2027. The directors believe this is an appropriate growth rate based on past experience.

##### Discount rate

Discount rates are determined to calculate the present value of future cash flows. A pre-tax rate of 9.26% (30 June 2022: 11.80%) is applied to cash flow projections. In determining the appropriate discount rate, regard has been given to relevant market data as well as Group specific inputs.

##### Terminal growth rate

Beyond 2027, a growth rate of 3.0% (30 June 2022: 3.0%), in line with long term economic growth, has been applied to determine the terminal value of the asset.

##### Sensitivity to changes in assumptions

As at 31 December 2022, the estimated recoverable amount of intangibles including goodwill relating to the Property Funds Management cash-generating unit exceeded its carrying amount by \$569,800,000 (30 June 2022: \$324,500,000).

## Assets and liabilities

### C7 Payables

	31 December 2022 \$'000	30 June 2022 \$'000
Sundry creditors <sup>(i)</sup>	29,999	63,825
Dividend/distribution payable	46,191	43,477
Accrued expenses	14,400	27,317
	<b>90,590</b>	<b>134,619</b>

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

All trade and other payables are considered to be current as at 31 December 2022, due to their short-term nature.

### C8 Borrowings

	31 December 2022 \$'000	30 June 2022 \$'000
Secured listed redeemable notes	C8(a) 198,693	198,693
Floating rate secured notes	C8(b) 126,650	96,650
Fixed rate secured notes	C8(b) 99,388	99,388
Secured bank loans - New Zealand	C8(d) 45,981	44,417
Reverse mortgage bill facilities and notes	C8(c) 4,016	4,600
Secured bank loans - Controlled Property Funds	C8(e) -	190,239
Borrowing costs capitalised	(4,266)	(4,602)
	<b>470,462</b>	<b>629,385</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 classified as non-current and are secured against assets within certain subsidiaries of the Group.

#### (b) Secured notes

	Classification	Coupon Rate	Due Date	Total limit \$'000	Facility available \$'000	31 December 2022 \$'000	30 June 2022 \$'000
<b>Floating</b>							
Tranche 4	Current	BBSW +4.25%	21 April 2023	35,000	-	35,000	35,000
Tranche 6	Non-current	BBSW +4.50%	21 April 2024	31,650	-	31,650	31,650
Tranche 8	Non-current	BBSW +3.35%	25 March 2025	30,000	-	30,000	30,000
Revolver A	Non-current	BBSY +2.25%	16 December 2024	100,000	70,000	30,000	-
Revolver B	Non-current	BBSY +2.45%	30 June 2027	50,000	50,000	-	-
				246,650	120,000	126,650	96,650
<b>Fixed</b>							
Tranche 5	Non-current	5.00%	21 April 2024	29,388	-	29,388	29,388
Tranche 7	Non-current	5.46%	25 March 2025	70,000	-	70,000	70,000
				99,388		99,388	99,388

## C8 Borrowings (continued)

### (b) Secured notes (continued)

On 16 December 2021, the Group entered into a 3 year \$100,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.25% which is due to mature on 16 December 2024.

In March 2022, the Group issued a \$70,000,000 three-year Senior Secured Medium Term Note (MTN) with a fixed coupon of 5.46% which is due to mature on 25 March 2025.

In April 2022, the Group issued a \$30,000,000 three-year (MTN) with a floating coupon of 3.35% which is due to mature on 25 March 2025.

On 30 June 2022, the Group entered into a 5 year \$50,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.45% which is due to mature on 30 June 2027. The loan is a multi-currency facility allowing both AUD and NZD currencies.

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

As at 31 December 2022, the Group had \$4,016,023 (30 June 2022: \$4,600,000) non-recourse notes on issue to ANZ Bank, secured over the remaining reverse mortgages held in Senex Warehouse Trust No.1 (a subsidiary of the Group) due to mature on 30 November 2023 and is classified as current as at 31 December 2022.

The facility limit is as at 31 December 2022 is \$5,500,000 (30 June 2022: \$5,500,000) and is reassessed every 6 months with a view to reducing the facility in line with the reduction in the reverse mortgage book. Under the facility agreement, surplus funds (being mortgages repaid (including interest) less taxes, administration expenses and any hedge payments) are required to be applied against the facility each month.

	31 December 2022 \$'000	30 June 2022 \$'000
Facility	5,500	5,500
Amount used at reporting date	(4,016)	(4,600)
Amount unused at reporting date	<u>1,484</u>	<u>900</u>

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

The borrowings facilities for New Zealand are outlined as follows. These facilities are secured against assets within certain subsidiaries of the Group.

On 30 March 2022, the Group entered into a 18 month NZ\$50,000,000 secured loan revolving facility. The facility is a floating rate revolving facility with a margin of 2.00% which is due to mature on 30 September 2023.

			Facility limit \$'000	Funds available \$'000	Draw down \$'000	Borrowing costs \$'000	Total \$'000
<b>31 December 2022</b>							
New Zealand Investment Facility	Current	30 November 2023	11,203	11,203	-	-	-
New Zealand Asset Facility	Current	30 September 2023	46,681	700	45,981	-	<u>45,981</u>
							<u>45,981</u>
<b>30 June 2022</b>							
New Zealand Investment Facility	Non-current	30 November 2023	10,823	10,823	-	-	-
New Zealand Asset Facility	Non-current	30 September 2023	45,094	677	44,417	-	<u>44,417</u>
							<u>44,417</u>

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

The Group ceased to have control over Centuria 111 St Georges Terrace Fund and Centuria Agriculture Fund during the period. As a result, the Group deconsolidated the fund. There were no bank loans from controlled property funds as at 31 December 2022.

## C9 Contributed equity

	31 December 2022		30 June 2022	
	No. of securities	\$'000	No. of securities	\$'000
<b>Centuria Capital Limited</b>				
Balance at beginning of the period	792,787,120	389,717	787,802,693	386,634
Stapled securities issued	2,910,486	867	2,617,009	2,039
Equity settled share based payments expense	700,375	2,970	2,367,418	981
Change in value of units issued	-	-	-	236
Cost of equity raising	-	(1)	-	(173)
Balance at end of period	<b>796,397,981</b>	<b>393,553</b>	792,787,120	389,717

	31 December 2022		30 June 2022	
	No. of securities	\$'000	No. of securities	\$'000
<b>Centuria Capital Fund (non-controlling interests)</b>				
Balance at beginning of the period	792,787,120	1,025,584	787,802,693	1,018,822
Stapled securities issued	2,910,486	4,397	2,617,009	6,636
Equity settled share based payments expense	700,375	-	2,367,418	-
Change in value of units issued	-	-	-	470
Cost of equity raising	-	(6)	-	(344)
Balance at end of period	<b>796,397,981</b>	<b>1,029,975</b>	792,787,120	1,025,584

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

## C10 Commitments and contingencies

### Australian Guarantees

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

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

### New Zealand Guarantees

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

### Capital Commitments

At 31 December 2022 the Group has committed up to NZ\$11,250,000 of capital over approximately the next 9 years in its joint venture partnership with Ninety Four Feet.

As part of the Man St, Queenstown property held for development in New Zealand, commitments of approximately NZD\$359,000 have been made to the project managers of the development.

As part of the Cook St, Auckland, property held for development in New Zealand, commitments of approximately NZD\$701,000 have been made to the project managers of the development.

### Contingent Liabilities

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



## D Cash flows

### D1 Operating segment cash flows <sup>(i)</sup>

For the half year ended 31 December 2022

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Cash flows from operating activities</b>		
Management fees received	111,535	94,928
Performance fees received	-	5,143
Distributions received	24,002	20,901
Interest received	663	781
Rent received	2,834	473
Payments to suppliers and employees	(73,682)	(59,869)
Income tax paid	(7,212)	(7,840)
Interest paid	(14,382)	(7,578)
Cash received on development projects	473	32,876
<b>Net cash provided by operating activities</b>	<b>44,231</b>	<b>79,815</b>
<b>Cash flows from investing activities</b>		
Purchase of investments in related parties	(44,030)	(95,109)
Repayment of loans by related parties	44,256	40,523
Loans to related parties	(41,000)	(37,817)
Purchase of subsidiaries	-	-
Proceeds from sale of related party investments	49,159	30,565
Deposits paid	-	(34,465)
Proceeds from investments	26,268	-
Collections from reverse mortgage holders	390	695
Payments for plant and equipment	(4,905)	(1,672)
Proceeds from sale of equity accounted investments	-	3,250
Purchase of property held for development	(23,899)	(15,718)
Purchase of equity accounted investments	(48,676)	(20,804)
Loans provided to other parties	(33,499)	-
Payments of balances held in trust for related parties	(14,802)	-
Payments made for amounts received in advance for redemption	(11,023)	-
<b>Net cash used in investing activities</b>	<b>(101,761)</b>	<b>(130,552)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of securities	5,264	-
Equity raising costs paid	(7)	(496)
Proceeds from borrowings	30,000	21,303
Repayment of borrowings	(584)	(24,892)
Costs paid to issue debt	(194)	560
Distributions paid	(46,353)	(44,512)
<b>Net cash result financing activities</b>	<b>(11,874)</b>	<b>(48,037)</b>
<b>Net (decrease) in operating cash and cash equivalents</b>	<b>(69,404)</b>	<b>(98,774)</b>
Cash and cash equivalents at the beginning of the period	184,999	249,637
Effects of exchange rate changes on cash and cash equivalents	80	263
<b>Cash and cash equivalents at the end of the period</b>	<b>115,675</b>	<b>151,126</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 11 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 2022 which, in the opinion of the directors, were material to the Group and were accounted for using the equity method. The entities listed below have share capital consisting solely of ordinary units, which are held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% of ownership interest		Principal activity	Carrying amount	
	31 December	30 June 2022		31 December	30 June 2022
	2022	2022		2022	2022
	%	%		\$'000	\$'000
Centuria Diversified Property Fund	21.67	22.38	Property investment	37,715	39,021
Centuria Bass Credit	50.00	50.00	Non-bank finance	26,858	25,765
Allendale Square Fund	36.11	-	Property investment	24,261	-
Centuria Government Income Property Fund No.2	21.59	22.03	Property investment	7,405	7,743
Centuria Industrial Income Fund No. 2	34.96	-	Property investment	6,707	-
QT Lakeview Developments Limited	25.00	25.00	Property investment	2,717	2,240
<b>Total equity accounted investments</b>				<b>105,663</b>	<b>74,769</b>

Equity accounted investments are classified as non-current.

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2022 to 31 December 2022.

	Centuria Diversified Property Fund \$'000	Centuria Bass Credit \$'000	Allendale Street Fund \$'000	Centuria Government Income Property Fund No. 2 \$'000	QT Lakeview Developments Limited \$'000	Centuria Industrial Income Fund No. 2 \$'000	111 St Georges Terrace \$'000	Centuria Agriculture Fund \$'000	Total \$'000
<b>Carrying amounts of equity accounted</b>									
Opening balance at 1 July 2022	39,021	25,765	-	7,743	2,240	-	-	-	74,769
Carrying value transferred from controlled property funds	-	-	-	-	-	-	24,730	35,400	60,130
Acquisition of investments	-	-	31,638	-	448	10,929	-	5,662	48,677
Share of net profit/(loss) after tax	679	2,653	(847)	14	-	(1,098)	190	(799)	792
Distributions received/receivable	(985)	(1,560)	(153)	(202)	-	(42)	(15)	(422)	(3,379)
Disposals	(1,000)	-	(6,377)	(150)	-	(3,082)	(12,510)	(26,040)	(49,159)
Carrying value transferred from/(to) financial assets	-	-	-	-	-	-	(12,395)	(13,801)	(26,196)
Fair value gain/(loss)	-	-	-	-	29	-	-	-	29
<b>Closing balance at 31 December 2022</b>	<b>37,715</b>	<b>26,858</b>	<b>24,261</b>	<b>7,405</b>	<b>2,717</b>	<b>6,707</b>	<b>-</b>	<b>-</b>	<b>105,663</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 2021 to 30 June 2022.

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

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## 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.

	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>31 December 2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	154,889	154,889
Receivables	Amortised cost	Not applicable	127,489	127,489
Financial assets	Fair value	Level 1	622,750	622,750
Financial assets	Fair value	Level 2	259,488	259,488
Financial assets - mortgage backed assets	Fair value	Level 2	1,181	1,181
Financial assets - Reverse mortgages receivables	Fair value	Level 3	39,645	39,645
Financial assets	Amortised cost	Not applicable	90,858	90,858
			<u>1,296,300</u>	<u>1,296,300</u>
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	90,590	90,590
Benefit Funds policy holders' liability	Amortised cost	Not applicable	269,586	269,586
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	470,462	466,437
Interest rate swaps - reverse mortgage fixed-for-life	Fair value	Level 3	18,228	18,228
Call/Put option liability	Fair value	Level 3	36,052	36,052
			<u>884,918</u>	<u>880,893</u>
<b>30 June 2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	200,565	200,565
Receivables	Amortised cost	Not applicable	113,487	113,487
Financial assets	Fair value	Level 1	685,211	685,211
Financial assets	Fair value	Level 2	165,171	165,171
Financial assets - mortgage backed assets	Fair value	Level 3	1,181	1,181
Reverse mortgages and receivables	Fair value	Level 3	40,084	40,084
Financial assets*	Amortised cost	Not applicable	70,045	70,045
			<u>1,275,744</u>	<u>1,275,744</u>
<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	134,619	134,619
Benefit Funds policy holders' liability	Amortised cost	Not applicable	270,558	270,558
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	629,385	624,941
Interest rate swaps - reverse mortgage fixed-for-life	Fair value	Level 3	18,750	18,750
Call/Put option liability	Fair value	Level 3	84,095	84,095
			<u>1,137,407</u>	<u>1,132,963</u>

\*Prior year numbers have been represented to reflect current year presentation.

## F1 Fair value of financial instruments (continued)

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

	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
<b>Half year ended 31 December 2022</b>					
Balance at 1 July 2022	1,181	40,084	(18,750)	(84,095)	(61,580)
Loan repaid	-	(1,261)	421	35,400	34,560
New call/put option entered	-	-	-	-	-
Fair value adjustment	-	-	-	12,643	12,643
Accrued interest	-	1,490	(798)	-	692
Attributable to interest rate and other risk	-	(969)	477	-	(492)
Attributable to credit risk	-	301	422	-	723
Balance at 31 December 2022	1,181	39,645	(18,228)	(36,052)	(13,454)

	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
<b>Year ended 30 June 2022</b>					
Balance at 1 July 2021	1,181	54,309	(31,205)	(22,690)	1,595
Loan repaid	-	(3,824)	1,206	-	(2,618)
New call/put option entered	-	-	-	(35,400)	(35,400)
Fair value adjustment	-	-	-	(26,005)	(26,005)
Accrued interest	-	3,413	(1,907)	-	1,506
Attributable to interest rate and other risk	-	(17,749)	14,503	-	(3,246)
Attributable to credit risk	-	3,935	(1,347)	-	2,588
Balance at 30 June 2022	1,181	40,084	(18,750)	(84,095)	(61,580)

### 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 2022 valuation, the property growth rates are 0% for FY23, 3.5% for FY24, then reverted back to 3.5% flat rate from FY25 onwards;
- Discount factors are calculated based on the market quoted long term rates on 31 December 2022;
- The 1% flat credit risk premium, reflecting the portfolio default profile on 31 December 2022, is added to the monthly cash flow discount factors to discount future cash flows generated by the reverse mortgage loans.

## F1 Fair value of financial instruments (continued)

### Key estimates and judgements (continued)

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

- Mortality rates for males and females are 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 2022;
- The 1.89% flat credit risk premium, reflecting the business default profile on 31 December 2022, 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

From 31 December 2022 to 7 February 2023, the fair value gain on investments in listed funds is \$61,725,000, with the share price in CIP moving from \$3.12 to \$3.52 and the share price in COF moving from \$1.53 to \$1.73.

In February 2023, the Group received credit approval for a new 5-year \$50,000,000 secured note facility. The facility is a floating rate term loan facility with a margin of 2.60%.

Other than the above, there has not arisen in the interval between 31 December 2022 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 6 to 36 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 2022 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  
7 February 2023



# Independent Auditor's Review Report

To the stapled security holders of Centuria Capital Group

## Conclusion

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

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 Group 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 2022 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 2022;
- 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 (the 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 2022 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Paul Thomas

*Partner*

Sydney

7 February 2023

## **Centuria Capital Fund Interim Financial Report for the half year ended 31 December 2022**

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.

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**Centuria Capital Fund  
Interim Financial Report - 31 December 2022**

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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 7 February 2023.

## 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 2022 and the auditor's review report thereon.

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

### Directors

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

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

### Operating and financial review

The Fund's profit from continuing operations for the half year ended 31 December 2022 was \$49,056,000 (half year ended 31 December 2021: profit of \$87,169,000).

### Earnings per security (EPS)

	31 December 2022	31 December 2021
Basic (loss)/earnings per unit (cents/unit)	6.2	10.6
Diluted (loss)/earnings per unit (cents/unit)	6.1	10.5

### Distributions

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

Distributions paid during the half year	Cents per unit	Total amount \$'000	Date paid/payable
Final 2022 Trust distribution	4.60	36,363	10 August 2022
Distributions declared during the half year			
interim 2023 Trust distribution	4.60	36,634	9 February 2023

### Events subsequent to the reporting date

From 31 December 2022 to 7 February 2023, the fair value gain on investments in listed funds is \$56,887,000, with the share price in CIP moving from \$3.12 to \$3.52 and the share price in COF moving from \$1.53 to \$1.73.

In February 2023, the Fund received credit approval for a 5-year \$50,000,000 secured note facility. The facility is a floating rate revolving facility with a margin of 2.60%.

Other than the above, there has not arisen in the interval between 31 December 2022 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.

### Likely developments

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

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

### Environmental regulations

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

**Indemnification of officers and auditors**

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

**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 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  
7 February 2023

For persons



# 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 2022 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*

KPMG

Paul Thomas

*Partner*

Sydney

7 February 2023

For personal use only

# Centuria Capital Fund

## Interim financial report 31 December 2022

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# Consolidated interim statement of comprehensive income

For the half year ended 31 December 2022

	Notes	31 December 2022 \$'000	31 December 2021 \$'000
Revenue	B1	50,400	50,190
Share of net profit of equity accounted investments		(1,062)	819
Fair value movements of financial instruments and property	B2	16,060	51,411
Expenses	B3	(253)	(4,328)
Finance costs	B4	(16,089)	(10,923)
<b>Profit after tax</b>		<b>49,056</b>	<b>87,169</b>
<b>Profit is attributable to:</b>			
Centuria Capital Fund		49,056	83,751
Non-controlling interests		-	3,418
<b>Profit after tax</b>		<b>49,056</b>	<b>87,169</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b>49,056</b>	<b>87,169</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Centuria Capital Fund		49,056	83,751
Non-controlling interests		-	3,418
<b>Total comprehensive income</b>		<b>49,056</b>	<b>87,169</b>
<b>Total comprehensive income for the period is attributable to unitholders of Centuria Capital Fund</b>		<b>49,056</b>	<b>83,751</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per Centuria Capital Fund unit:</b>			
Basic (cents per unit)		6.2	10.6
Diluted (cents per unit)		6.1	10.5

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 2022

	31 December 2022	30 June 2022
Notes	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	22,521	23,768
Receivables	C1 12,889	12,730
Financial assets at fair value	C2 1,318,877	1,278,736
Investment properties	C3 -	160,500
Equity accounted investments	D1 76,088	46,764
Other assets	1,435	1,409
<b>Total assets</b>	<b>1,431,810</b>	<b>1,523,907</b>
<b>Liabilities</b>		
Payables	C4 43,234	54,691
Borrowings	C5 675,622	727,480
<b>Total liabilities</b>	<b>718,856</b>	<b>782,171</b>
<b>Net assets</b>	<b>712,954</b>	<b>741,736</b>
<b>Equity</b>		
<b>Equity attributable to Centuria Capital Fund</b>		
Contributed equity	C6 1,029,975	1,025,584
Retained earnings/(losses)	(317,021)	(329,338)
<b>Total equity attributable to Centuria Capital Fund</b>	<b>712,954</b>	<b>696,246</b>
<b>Equity attributable to external non-controlling interests</b>		
Contributed equity	-	12,789
Retained earnings	-	32,701
<b>Total equity attributable to external non-controlling interests</b>	<b>-</b>	<b>45,490</b>
<b>Total equity</b>	<b>712,954</b>	<b>741,736</b>

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

## Consolidated interim statement of changes in equity

For the half year ended 31 December 2022

	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 2022</b>	1,025,584	(329,338)	696,246	12,789	32,701	45,490	741,736
Profit for the period	-	49,056	49,056	-	-	-	49,056
<b>Total comprehensive income for the period</b>	-	<b>49,056</b>	<b>49,056</b>	-	-	-	<b>49,056</b>
Distributions paid/accrued	-	(36,739)	(36,739)	-	-	-	(36,739)
Stapled securities issued	4,397	-	4,397	-	-	-	4,397
Cost of equity raising	(6)	-	(6)	-	-	-	(6)
Deconsolidation of controlled property funds	-	-	-	(12,789)	(32,701)	(45,490)	(45,490)
<b>Balance at 31 December 2022</b>	<b>1,029,975</b>	<b>(317,021)</b>	<b>712,954</b>	-	-	-	<b>712,954</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 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 cash flows

For the half year ended 31 December 2022

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Cash flows from operating activities</b>		
Distributions received	18,986	17,573
Rent received	-	8,224
Interest received	31,720	681
Payments to suppliers	(161)	(6,112)
Interest paid	(11,554)	(7,222)
<b>Net cash provided by operating activities</b>	<b>38,991</b>	<b>13,144</b>
<b>Cash flows from investing activities</b>		
Loans repaid by related party	105,313	40,523
Loans to related parties	(66,647)	(47,079)
Purchase of investments in related parties	(47,614)	(84,038)
Purchase of equity accounted investments	(42,567)	(22,749)
Loans provided to other parties	(39,479)	-
Proceeds from the sale of equity accounted investments	22,969	2,000
Proceeds from sale of related party investments	19,640	11,165
Loans repaid by other parties	18,960	8,826
Redemption funds paid	(3,998)	-
Cash balance on consolidation of unlisted funds	(3,916)	(4,962)
Deposits paid	-	(25,351)
Proceeds from sale of other investments	-	8,846
Proceeds from sale of subsidiary	-	4,000
Return of cash from equity accounted investment	-	2,156
Payments in relation to investment properties	-	(194)
<b>Net cash used in investing activities</b>	<b>(37,339)</b>	<b>(106,857)</b>
<b>Cash flows from financing activities</b>		
Distributions paid to unitholders of Centuria Capital Fund	(36,740)	(24,493)
Proceeds from borrowings	30,000	10,126
Proceeds from issues of units to unitholders of Centuria Capital Fund	4,397	138
Costs paid to issue debt	(550)	(406)
Distributions paid to non-controlling interests	-	(1,978)
Equity raising costs paid	(6)	-
<b>Net cash used in financing activities</b>	<b>(2,899)</b>	<b>(16,613)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,247)</b>	<b>(110,326)</b>
Cash and cash equivalents at the beginning of the financial period	23,768	168,252
<b>Cash and cash equivalents at end of period</b>	<b>22,521</b>	<b>57,926</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 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 2022 were authorised for issue by the Board of Directors of Centuria Funds Management Limited as the Responsible Entity on 7 February 2023.

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.

### 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 2022 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated interim financial statements.

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

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

## A3 Other new accounting standards and interpretations

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

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

### *Standards now effective*

**AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments**  
AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture.

### A3 Other new accounting standards and interpretations (continued)

#### *Standards not yet effective:*

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

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

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

### A4 Use of judgements and estimates

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

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

- Note C2 Financial assets
- Note E1 Financial instruments

### A5 Going Concern

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

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

## B Business performance

### B1 Revenue

	31 December 2022 \$'000	31 December 2021 \$'000
Interest revenue	33,473	24,533
Distribution revenue	16,817	17,352
Rent	-	5,986
Recoverable outgoings	-	2,265
Other income	110	54
	<b>50,400</b>	<b>50,190</b>

#### (a) Transactions with related parties

	31 December 2022 \$	31 December 2021 \$
Interest income on loan to Centuria Finance Pty Limited	32,773,499	23,852,922
Distributions from Property Funds managed by Centuria	16,391,910	17,256,123
Interest income on loans to Property Funds managed by Centuria	296,817	644,163
Interest income on loan to Bass Property Credit Fund	282,866	-
Interest income on loan to Centuria Bass Credit Fund	58,511	-
	<b>49,803,603</b>	<b>41,753,208</b>

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

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

	31 December 2022 \$'000	31 December 2021 \$'000
Movement in Centuria Industrial REIT's listed market price	30,663	38,440
Movement in Centuria Office REIT's listed market price	(15,101)	5,954
Other fair value movements	498	7,017
<b>Total fair value movement</b>	<b>16,060</b>	<b>51,411</b>

### B3 Expenses

	31 December 2022 \$'000	31 December 2021 \$'000
Property outgoings and fund expenses	200	3,955
Transaction costs	-	166
Consulting and professional fees	36	156
Other expenses	17	51
	<b>253</b>	<b>4,328</b>

**B3 Expenses (continued)**

(a) Transactions with related parties

	31 December 2022 \$	31 December 2021 \$
Management fees paid to Centuria Funds Management Limited	200,000	200,000
Management and custodian fees paid to Centuria Property Funds Limited	-	421,752
Management fees paid to Primewest P/Q Pty Ltd	-	99,987
	<b>200,000</b>	<b>721,739</b>

**B4 Finance costs**

	31 December 2022 \$'000	31 December 2021 \$'000
Operating interest charges	14,254	8,361
Class A Redeemable preference units	1,835	1,613
Bank loans in Property Funds interest charges	-	949
	<b>16,089</b>	<b>10,923</b>

**B5 Distributions**

	31 December 2022		31 December 2021	
	Cents per unit	Total \$'000	Cents per unit	Total \$'000
<b>Distributions paid during the half year</b>				
Final 2022 Trust distribution	4.60	36,363	3.40	20,408
<b>Distributions declared during the half year</b>				
interim 2023 Trust distribution	4.60	36,634	4.30	33,977

The Fund declared a distribution in respect of the half year ended 31 December 2022 of 4.60 cents per unit. The interim distribution had a record date of 30 December 2022 and is payable on 9 February 2023. The total amount payable of \$36,634,000 has been provided as a liability in these financial statements.



## C Assets and liabilities

### C1 Receivables

	31 December 2022 \$'000	30 June 2022 \$'000
Receivables from related parties (refer to note C1 below)	12,597	12,118
Other receivables	292	612
	<u>12,889</u>	<u>12,730</u>

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.

	31 December 2022 \$	30 June 2022 \$
Distribution receivable from Centuria Industrial REIT	4,020,981	4,279,345
Distribution receivable from Centuria Office REIT	3,109,050	3,686,445
Receivable from property funds managed by Centuria	2,702,664	2,977,862
Distribution receivable from unlisted property funds managed by Centuria	1,413,239	892,082
Redemption receivable of property funds managed by Centuria	892,000	241,642
Intercompany receivables from entities within Centuria Capital Group	459,267	40,435
	<u>12,597,201</u>	<u>12,117,811</u>

### C2 Financial assets at fair value

	31 December 2022 \$'000	30 June 2022 \$'000
Loans receivable from related parties	700,969	761,092
Investment in related party unit trusts	571,529	514,941
Loans receivable from related parties - current	23,152	-
Loans receivable from other parties <sup>(i)</sup>	20,520	-
Investments in trusts and other financial assets	2,707	2,703
	<u>1,318,877</u>	<u>1,278,736</u>

Financial assets are classified as non-current assets unless noted above.

<sup>(i)</sup> \$20,519,592 of the loan receivable from Bass Finance No 51 Pty Ltd accrues interest at a rate of 9.00% per annum and does not have a maturity date and therefore is considered non-current

**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 2022			30 June 2022		
	Fair value \$	Units held	Ownership %	Fair value \$	Units held	Ownership %
<b>Financial assets held by the Fund</b>						
Centuria Industrial REIT	308,610,697	98,913,685	15.58%	277,947,455	98,913,685	15.59%
Centuria Office REIT	135,909,888	88,829,992	14.87%	151,010,986	88,829,992	14.87%
Centuria Agriculture Fund	27,226,713	27,289,479	19.16%	-	-	0%
Centuria Healthcare Direct Medical Fund No. 2	24,990,709	18,673,473	12.04%	25,483,689	18,673,473	12.04%
Prime Healthcare Holding Trust	21,994,120	21,994,120	10.00%	21,500,000	21,500,000	10.00%
Centuria 111 St. Georges Terrace Fund	13,223,218	3,408,046	17.66%	-	-	0%
Matrix Trust	14,245,341	11,970,875	6.43%	11,092,900	9,313,938	5.00%
Dragon Hold Trust	9,696,223	969,622,257	10.00%	9,696,223	969,622,257	10.00%
Primewest Agricultural Trust No. 2	4,324,000	4,324,000	12.59%	6,775,000	6,775,000	19.81%
Pialba Place Trust	4,375,331	5,129,345	23.32%	4,375,331	5,129,345	23.32%
Centuria Healthcare Aged Care Property Fund No. 1	3,514,343	5,513,559	9.21%	2,954,165	5,513,559	9.21%
Centuria Bass First Mortgage Fund No. 1	2,325,547	2,325,547	6.84%	-	-	0%
Centuria Government Income Property Fund	643,539	643,539	0.48%	643,539	643,539	0.64%
Centuria Bass First Mortgage Fund No. 3	393,239	393,239	3.09%	-	-	0%
25 Grenfell St Fund	42,011	40,010	0.08%	40,010	40,010	0.08%
Northgate Geraldton Trust	10	10	0%	10	10	0%
Centuria Life Goals - Various Funds	14,096	13,499	0%	14,096	13,499	0%
Primewest Large Format Retail Trust No. 2	-	-	0%	3,407,300	3,097,546	7.29%
	<u>571,529,025</u>			<u>514,940,704</u>		

## 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 2022	30 June 2022
	\$	\$
<b>Related party unit trusts carried at fair value through profit and loss</b>		
Opening balance	514,940,704	554,499,497
Investment purchases	47,034,195	149,400,780
Disposals	(19,640,388)	(53,472,092)
Fair value loss	16,799,530	(143,514,001)
Carrying value transferred from equity accounted investments	12,394,984	8,026,520
	<b>571,529,025</b>	<b>514,940,704</b>

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

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

	31 December 2022	30 June 2022
	\$	\$
Centuria Finance Pty Limited	700,968,976	761,091,898
Bass Property Credit Fund	19,140,996	-
Centuria Bass Credit Fund	4,010,894	-
	<b>724,120,866</b>	<b>761,091,898</b>

	31 December 2022	30 June 2022
	\$	\$
Opening balance	761,091,898	317,790,943
Drawdowns	53,050,000	407,502,000
Capitalised interest	33,114,876	53,298,955
Repayments	(123,135,908)	(17,500,000)
<b>Closing balance</b>	<b>724,120,866</b>	<b>761,091,898</b>

\$418,850,498 of the loan to Centuria Finance Pty Limited has a maturity date that is the earliest of 23 December 2025 or such other date as the Fund and borrower may agree in writing.

\$269,988,378 of the loan to Centuria Finance Pty Limited has a maturity date that is the earliest of 20 July 2026 or such other date as the Fund and borrower may agree in writing.

\$23,151,890 of the loans to Bass Property Credit Fund and Centuria Bass Credit Fund have a maturity date that is the earliest of 22 December 2023 or such other date as the Fund and borrower may agree in writing.

### C3 Investment properties

	31 December 2022	30 June 2022
<b>Property</b>	<b>\$'000</b>	<b>\$'000</b>
111 St Georges Terrace, Perth WA	-	160,500
	<b>-</b>	<b>160,500</b>

Investment properties are classified as non-current.

The Fund ceased to have control over Centuria 111 St George Terrace Fund (111 SGT) during the period. As a result, the Fund deconsolidated 111 SGT on 1 July 2022.

## Assets and liabilities

### C3 Investment properties (continued)

	31 December 2022 \$'000	30 June 2022 \$'000
Opening Balance	160,500	208,140
Capital improvements and associated costs	-	384
Deconsolidation of controlled property funds	(160,500)	(49,140)
Gain on fair value	-	2,251
Change in deferred rent and lease incentives	-	(1,135)
	<u>-</u>	<u>160,500</u>

### C4 Payables

	31 December 2022 \$'000	30 June 2022 \$'000
Sundry creditors <sup>(i)</sup>	6,298	17,638
Distribution Payable	36,634	36,363
Accrued expenses	302	690
	<u>43,234</u>	<u>54,691</u>

Payables are classified as current.

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

### C5 Borrowings

	31 December 2022 \$'000	30 June 2022 \$'000
Class A Redeemable preference units	C5(a) 253,884	252,049
Secured listed redeemable notes	C5(b) 198,693	198,693
Floating rate secured notes	C5(c) 126,650	96,650
Fixed rate secured notes	C5(c) 100,553	100,553
Secured bank loans in Controlled Property Funds	C5(d) -	84,044
Borrowing costs capitalised	(4,158)	(4,509)
	<u>675,622</u>	<u>727,480</u>

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

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

On 20 July 2021, a subsidiary of the Fund (Primewest Property Fund) issued \$248,643,420 of Class A redeemable preference units to Centuria Capital Limited with a fixed interest rate of 1.44%, which are due to mature on 20 July 2031. The Class A redeemable preference units are considered to be equity in legal form but debt under the accounting standards as the units attract a redemption premium, representing a contractual obligation to deliver cash. These units do not have rights to participate in any distributions of income and attract no voting rights.

#### (b) Secured listed redeemable notes

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

## C5 Borrowings (continued)

### (c) Secured wholesale notes

The Fund issued fixed and floating wholesale notes as per below. These notes are secured against assets within certain subsidiaries of the Fund.

Floating	Classification	Coupon Rate	Due Date	Total facility \$'000	Facility available \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Tranche 4	Current	BBSW +4.25%	21 April 2023	35,000	-	35,000	35,000
Tranche 6	Non-current	BBSW +4.50%	21 April 2024	31,650	-	31,650	31,650
Tranche 8	Non-current	BBSY +3.35%	25 Mar 2025	30,000	-	30,000	30,000
Revolver A	Non-current	BBSY +2.25%	16 Dec 2024	100,000	70,000	30,000	-
Revolver B	Non-current	BBSY +2.45%	30 Jun 2027	50,000	50,000	-	-
				246,650	120,000	126,650	96,650

  

Fixed	Classification	Coupon Rate	Due Date	Total facility \$'000	Facility available \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Tranche 5	Non-current	5.00%	21 April 2024	30,553	-	30,533	30,553
Tranche 7	Non-current	5.46%	25 Mar 2025	70,000	-	70,000	70,000
				100,553	-	100,533	100,553

On 16 December 2021, the Fund entered into a 3 year \$100,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.25% which is due to mature on 16 December 2024.

In March 2022, the Fund issued a \$70,000,000 three-year Senior Secured Medium Term Note (MTN) with a fixed coupon of 5.46% which is due to mature on 25 March 2025.

In April 2022, the Fund issued a \$30,000,000 three-year MTN with a floating coupon of 3.35% which is due to mature on 25 March 2025.

On 30 June 2022, the Fund entered into a 5 year \$50,000,000 secured loan note facility. The facility is a floating rate revolving facility with a margin of 2.45% which is due to mature on 30 June 2027. The loan is a multi-currency facility allowing both AUD and NZD currencies.

### (d) Bank loans - Controlled Property Funds (secured)

The Fund ceased to have control over Centuria 111 St George Terrace Fund (111 SGT) during the period. As a result, the Fund deconsolidated 111 SGT on 1 July 2022. There were no bank loans from controlled property funds as at 31 December 2022.

### C6 Contributed equity

	31 December 2022		30 June 2022	
	No. of securities	\$'000	No. of securities	\$'000
Opening balance	792,787,120	1,025,584	787,802,693	1,018,822
Equity settled share based payment expense	700,375	-	2,367,418	-
Units issued	2,910,486	4,397	2,617,009	6,636
Cost of equity raising	-	(6)	-	(344)
Change in value of units issued	-	-	-	470
	<b>796,397,981</b>	<b>1,029,975</b>	792,787,120	1,025,584

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

### C7 Commitments and contingencies

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 security holders as at the date of completion of this report.

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## D Group Structure

### D1 Interests in associates

Set out below are the associates of the Fund as at 31 December 2022 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	
	2022	30 June 2022		2022	30 June 2022
	%	%	\$'000	\$'000	
Centuria Diversified Property Fund	21.67	22.38	Property Investments	37,715	39,021
Allendale Square Fund	36.11	0.00	Property investments	24,261	-
Centuria Government Income Property Fund No. 2	21.59	22.03	Property investments	7,405	7,743
Centuria Industrial Income Fund No. 2	34.96	0.00	Property investments	6,707	-
<b>Total equity accounted investments</b>				<b>76,088</b>	<b>46,764</b>

Equity accounted investments are classified as non-current.

The below table shows the movement in carrying amounts of equity accounted investments for the half year ended 31 December 2022.

	Centuria Diversified Property Fund \$'000	Centuria Government Income Property Fund No. 2 \$'000	Allendale Square Fund \$'000	Centuria Industrial Income Fund No. 2 \$'000	111 St Georges Terrace Fund \$'000	Total \$'000
<b>Movement in carrying amount of equity accounted investments</b>						
Opening balance as at 1 July 2022	39,021	7,743	-	-	-	46,764
Fair value transferred from consolidated property funds	-	-	-	-	24,730	24,730
Acquisition of investments	-	-	31,638	10,929	-	42,567
Disposal of investments	(1,000)	(150)	(6,377)	(3,082)	(12,510)	(23,119)
Distributions received/receivable	(985)	(202)	(153)	(42)	(15)	(1,397)
Share of net profit after tax	679	14	(847)	(1,098)	190	(1,062)
Carrying value transferred to financial assets	-	-	-	-	(12,395)	(12,395)
<b>Closing balance as at 31 December 2022</b>	<b>37,715</b>	<b>7,405</b>	<b>24,261</b>	<b>6,707</b>	<b>-</b>	<b>76,088</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 2022.

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

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



## 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 2022	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	22,521	22,521
Receivables	Amortised cost	Not applicable	12,889	12,889
Financial assets	Fair value	Level 1	447,184	447,184
Financial assets	Fair value	Level 2	127,052	127,052
Financial assets	Amortised cost	Not applicable	744,641	744,641
			<u>1,354,287</u>	<u>1,354,287</u>

<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	43,234	43,234
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	675,622	563,672
			<u>718,856</u>	<u>606,906</u>

30 June 2022	Measurement basis	Fair value hierarchy	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Not applicable	23,768	23,768
Receivables	Amortised cost	Not applicable	12,730	12,730
Financial assets	Fair value	Level 1	431,676	431,676
Financial assets	Fair value	Level 2	85,968	85,968
Financial assets*	Amortised cost	Not applicable	761,092	761,092
			<u>1,315,234</u>	<u>1,315,234</u>

<b>Financial liabilities</b>				
Payables	Amortised cost	Not applicable	54,691	54,691
Borrowings (net of borrowing costs)	Amortised cost	Not applicable	727,480	611,123
Total			<u>782,171</u>	<u>665,814</u>

\*Prior year numbers have been represented to reflect current year presentation

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

From 31 December 2022 to 7 February 2023, the fair value gain on investments in listed funds is \$56,887,000, with the share price in CIP moving from \$3.12 to \$3.52 and the share price in COF moving from \$1.53 to \$1.73.

In February 2023, the Fund received credit approval for a 5-year \$50,000,000 secured note facility. The facility is a floating rate revolving facility with a margin of 2.60%.

Other than the above, there has not arisen in the interval between 31 December 2022 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.

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## 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 23 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 2022 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  
7 February 2023



# 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 2022 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 2022;
- 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 (the Fund) and the entities it controlled at the half year's end or from time to time during the half-year.

## 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 2022 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 a Half-year 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

7 February 2023