

Key Capital Property Fund  
as at 30 June 2022

ARSN 121 439 129

**KEY CAPITAL LIMITED  
RESPONSIBLE ENTITY REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

The Directors of the Responsible Entity, Key Capital Limited, present their report on Key Capital Property Fund ("the Fund") for the year ended 30 June 2022.

**1. Directors**

The names of Directors of the Responsible Entity in office at any time during or since the end of the year are:

James D. Permezel  
Stephen Nicholls  
George Nikakis

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**2. Principal Activities**

The principal activities of the Fund are to act as landlord of commercial properties, for the purpose of earning revenue in the form of rent.

**3. Operating Results**

The net profit of the Fund for the year ending 30 June 2022 was \$2,285,199 (2021: \$526,254, profit).

**4. Distributions Paid or Recommended**

Distributions paid or declared for payment for the year ending 30 June 2022 were \$196,962 in total (2021: \$449,861).

	2022		2021	
	\$	Cents per unit	\$	Cents per unit
Distributions paid	196,962	1.40	449,861	3.19
	<u>196,962</u>	<u>1.40</u>	<u>449,861</u>	<u>3.19</u>

**5. Review of Operations**

During the year ended 30 June 2022 the Fund held the following properties:

- 10 Percy Street, Bellerive, Tasmania

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**5. Review of Operations (Continued)**

Bellerive

Key Capital has negotiated an Agreement to Lease with Dan Murphy's for the vacant tenancy and is progressing with construction. It is anticipated that Dan Murphy's will take possession late in 2022.

**6. Significant Changes in State of Affairs**

Apart from those matters referred to in the previous sections of this report, there have been no other significant changes to the state of affairs of the Fund during the financial year.

**7. After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

**8. Future Developments**

The Fund will continue with its current investment objectives and strategy.

**9. Environmental Issues**

The Fund complied with all environmental regulations during the course of the financial year.

**10. Indemnifying Officers or Auditor**

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned directors as well as officers of the Responsible Entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Responsible Entity, other than conduct involving a willful breach of duty in relation to the Responsible Entity. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

**11. Options**

No options were granted since the end of the financial year and there are no options outstanding at the date of this report. The directors and executives of the Responsible Entity hold no options over interests in the Fund.

**12. Proceedings on Behalf of the Fund**

No person has applied for leave of court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or any part of their proceedings. The Fund was not a party to any such proceedings during the year.

**13. Fees, Commissions or other charges by the Responsible Entity or Related Parties of the Responsible Entity.**

All Responsible Entity fees have been detailed in Note 15 "Related Party Transactions".

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**14. Units held by the Responsible Entity or Related Parties of the Responsible Entity**

At 30 June 2022 the Responsible Entity and its related parties held 4,145,000 units (2021: 4,145,000) in the Fund, as detailed in Note 15 on Related Parties Transactions.

**15. Interests Issued in the Fund**

During the year nil additional units were issued (2021: Nil).

**16. Buy Back Arrangements**

As detailed in the Fund Constitution the Responsible Entity is not under any obligation to buy back, purchase or redeem units from unit holders. During the prior year the responsible entity of the Fund offered a limited withdrawal offer to investors whereby investors could withdraw all or part of their investment.

**17. Value of Scheme Assets**

The total value of the Fund's assets at the end of the reporting period is \$7,930,640 (2021: \$4,808,222).

The methodology utilised in valuing the assets is detailed in Note 1 to the financial statements.

**18. Number of Interests on Issue**

At 30 June 2022, the number of units issued in the Fund was 14,102,174 units (2021: 14,102,174). No units have been issued subsequent to the reporting period.

**19. Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required by section 307C of the *Corporations Act 2001* is set out in the following report.

Signed in accordance with a resolution of the Board of Directors of Key Capital Limited by:



**George Nikakis**  
**Director**

Date: 12 October 2022

The Board of Directors  
Key Capital Limited  
Unit 1  
13 Old Lilydale Rd  
Ringwood East  
VIC 3135

12 October 2022

Dear Board Members

**Key Capital Property Fund**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Key Capital Limited, the Responsible Entity of Key Capital Property Fund.

As lead audit partner for the audit of the financial statements of Key Capital Property Fund for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Daniel Allison & Associates Assurance*

**DANIEL ALLISON & ASSOCIATES ASSURANCE**  
Chartered Accountants



Paul Carr  
Partner  
Melbourne

**KEY CAPITAL PROPERTY FUND**  
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 \$	2021 \$
<b>Revenue and other income</b>			
Property rental	4(a)	93,249	124,875
Interest and other income	4(b)	<u>-</u>	<u>-</u>
<b>Total revenue and other income</b>		93,249	124,875
<b>Expenses</b>			
Direct property expenses		(101,332)	(155,724)
Administration expenses			
- Responsible entity's management fees:			
Management fees	15	(37,721)	(62,739)
Exit fee/deferred management fee	15	(20,000)	(17,000)
Rollover fee	15	(216,428)	-
- Custodian fees		(20,000)	(20,000)
- Legal fees	5	(29,320)	(8,741)
- Other administration expenses		<u>(108,424)</u>	<u>(77,658)</u>
		<u>(431,893)</u>	<u>(186,138)</u>
Expenses related to the disposal of investment properties		-	(24,483)
Net changes in fair value of investment properties	9	2,852,006	850,000
Finance costs	6	<u>(126,831)</u>	<u>(82,276)</u>
<b>Profit for the year</b>		<u>2,285,199</u>	<u>526,254</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive profit/(loss) for the year attributable to unitholders</b>		<u>2,285,199</u>	<u>526,254</u>

**KEY CAPITAL PROPERTY FUND**  
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**STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2022**

	Notes	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	41,855	470,900
Trade and other receivables	8	<u>12,999</u>	<u>22,042</u>
<b>TOTAL CURRENT ASSETS</b>		<u>54,854</u>	<u>492,942</u>
<b>NON-CURRENT ASSETS</b>			
Investment properties	9	7,875,786	4,315,280
Trade and other receivables	8	<u>-</u>	<u>-</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>7,875,786</u>	<u>4,315,280</u>
<b>TOTAL ASSETS</b>		<u>7,930,640</u>	<u>4,808,222</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	196,688	140,628
Interest-bearing liabilities	12	<u>2,708,121</u>	<u>1,750,000</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,904,809</u>	<u>1,890,628</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	105,000	85,000
Interest-bearing liabilities	12	<u>-</u>	<u>-</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>105,000</u>	<u>85,000</u>
<b>TOTAL LIABILITIES</b>		<u>3,009,809</u>	<u>1,975,628</u>
<b>NET ASSETS</b>		<u>4,920,831</u>	<u>2,832,594</u>
<b>EQUITY</b>			
Issued capital	14(a)	10,577,528	10,577,528
Cumulative deficit after distributions		<u>(5,656,697)</u>	<u>(7,744,934)</u>
<b>TOTAL EQUITY</b>		<u>4,920,831</u>	<u>2,832,594</u>

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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Issued capital</b>	<b>Cumulative deficit</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Equity at 1 July 2021</b>	10,577,528	(7,744,934)	2,832,594
Net Profit for the year	<u>-</u>	<u>2,285,199</u>	<u>2,285,199</u>
Total comprehensive profit for the year	<u>-</u>	<u>2,285,199</u>	<u>2,285,199</u>
Transactions with unitholders in their capacity as unitholders:			
Distributions paid	<u>-</u>	<u>(196,962)</u>	<u>(196,962)</u>
<b>Equity at 30 June 2022</b>	<u><u>10,577,528</u></u>	<u><u>(5,656,697)</u></u>	<u><u>4,920,831</u></u>
<b>Equity at 1 July 2020</b>	10,577,528	(7,821,327)	2,756,201
Net Profit for the year	<u>-</u>	<u>526,254</u>	<u>526,254</u>
Total comprehensive income for the year	<u>-</u>	<u>526,254</u>	<u>526,254</u>
Transactions with unitholders in their capacity as unitholders:			
Distributions paid	<u>-</u>	<u>(449,861)</u>	<u>(449,861)</u>
<b>Equity at 30 June 2021</b>	<u><u>10,577,528</u></u>	<u><u>(7,744,934)</u></u>	<u><u>2,832,594</u></u>



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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Property rental receipts		102,292	155,992
Payments to suppliers		(457,165)	(286,673)
Exit fee paid		-	(24,000)
Finance costs paid		<u>(126,831)</u>	<u>(82,276)</u>
Net cash from operating activities	16(b)	<u>(481,704)</u>	<u>(236,957)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for capital expenditure/acquisition investment properties		(708,500)	(65,280)
Proceeds from sale of investment properties		<u>-</u>	<u>1,200,000</u>
Net cash from investing activities		<u>(708,500)</u>	<u>1,134,720</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds/(Repayment) of borrowings		958,121	(592,500)
Distributions paid to unitholders		<u>(196,962)</u>	<u>(449,861)</u>
Net cash from financing activities		<u>761,159</u>	<u>(1,042,361)</u>
Net (decrease)/increase in cash and cash equivalents		429,045	(144,598)
Cash and cash equivalents at the beginning of year		<u>470,900</u>	<u>615,498</u>
<b>Cash and cash equivalents at the end of year</b>	16(a)	<u>41,855</u>	<u>470,900</u>

**KEY CAPITAL PROPERTY FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

***Reporting entity***

The financial statements are for the entity Key Capital Property Fund (“the Fund”) as an individual entity. The Fund is a for profit, unlisted registered scheme established and domiciled in Australia. The principal activity of the Fund is disclosed in the directors report.

***Going concern***

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

The COVID-19 pandemic creates uncertainty on global and local financial markets and it effects the ability of impacted tenants to meet their rental obligations. The Fund has completed an extensive assessment on trade receivables and the directors remain confident that the Fund will be able to continue as a going concern.

The Fund has an excess of current liabilities over current assets of \$2,849,955 due to the classification of the interest bearing loan, which matures in December 2022, being classified as current. Negotiations have already commenced with the financier in relation to the extension of the facility and the directors for the Responsible Entity do not anticipate any issues in this regard.

***Statement of compliance***

The 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 financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the international Accounting Standards Board (“IASB”).

The financial report was authorised for issue in accordance with a resolution of the board of directors of Key Capital Limited, the ‘Responsible Entity’, on 12 October 2022.

***Basis of measurement***

The financial statements have been prepared on the basis of historical cost, except for investment properties and derivative financial instruments, which have been measured at fair value at the end of the reporting period. Cost is based on the fair values of the consideration given in exchange for assets.

***Functional and presentation currency***

The financial statements are presented in Australian dollars, which is the Fund’s functional currency.

**Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Investment properties**

Investment property is property which is held to earn rental income, or for capital appreciation, or for both.

Investment properties are carried at fair value determined either by the directors or independent valuers. Changes to fair value are recorded in profit or loss. Investment properties are not depreciated.

The fair value of investment properties excludes any accrued operating lease income or lease incentives recognised as a receivable in accordance with AASB 116: *Leases* as detailed in Note 1(b).

Property purchases are recognised when the Fund has entered into an unconditional purchase contract, and the majority of the significant risks and rewards of ownership have been transferred to the Fund. Property disposals are recorded when the Fund has entered into an unconditional sales contract, and the majority of the significant risks and rewards of ownership have been transferred to the buyer. Transfers of risks and rewards vary depending on the individual terms of the contracts.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Revenue**

Rental income from operating leases is recognised as income on a straight-line basis over the lease term. Where a lease has fixed annual increases, the total rent receivable over the operating lease is recognised as revenue on a straight-line basis over the lease term. This results in more income being recognised early in the lease term and less late in the lease term compared to the lease conditions. The difference between the lease income recognised and actual lease payments received is included in receivables.

Interest income is recognised in profit or loss on a time basis using the effective interest rate method.

All income is stated net of the amount of goods and services tax (GST).

**(c) Financial instruments**

Financial assets and financial liabilities are recognised on the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are recognised on trade-date – the date on which the Fund commits to sell or purchase the asset. Financial assets are derecognised when the right to receive cash flows from the financial asset have expired or have been transferred and the Fund has transferred substantially the risks and rewards of ownership. Financial instruments are designated on initial recognition.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. They are classified as current assets except where the maturity is greater than 12 months after the reporting date, in which case they are classified as non-current.

The Fund applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected credit loss for all trade receivables. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Any allowances for non-recoverable receivables are recognised in a separate allowance account. Any bad debts which have previously been provided for are eliminated against the allowance account. In all other cases bad debts are written off directly to profit or loss.

*Trade and other payables*

These represent liabilities for goods and services provided to the Fund prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

*Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Financial instruments (Continued)**

Issued units

The Fund issues units which have a limited life under the Fund's constitution and are classified as equity in accordance with AASB 132 *Financial Instruments: Presentation* as amended by AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation*.

Should the terms or conditions of the units change such that they no longer comply with the criteria for classification as equity in the revised AASB 132, the units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity. Where the Fund buys back any of its units from unit holders, the consideration paid, including any directly attributable incremental costs are recognised as a reduction in equity attributable to the Fund's unit holders.

Borrowings

Interest-bearing loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest rate method. Fees paid for establishing loan facilities are capitalised as prepayments for liquidity services and amortised over the period to which the facility relates. Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**(d) Finance costs**

Finance costs are recognised using the effective interest rate applicable to the financial liability.

**(e) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(f) Provisions**

A provision is recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the Responsible Entity's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability (refer to Note 13). Provisions include asset disposal fees payable to the Responsible Entity upon the sale of the investment property.

**(g) Income tax**

Under current legislation the Fund is not liable for income tax provided its taxable income is fully distributed to unit holders.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Critical judgements and significant accounting estimates**

The preparation of financial statements requires the directors of the Responsible Entity to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

*(i) Fair value estimation*

Investments in investment properties are carried at values that are based on assumptions and estimates. If any of these assumptions or estimates were not correct this could have a material impact on the carrying amounts in the statement of financial position.

Recent volatility and uncertainty across global financial markets has resulted in significant reductions in market transactions used to support assumptions and estimates used within valuation techniques.

Information on the determination of the fair value of investment properties is included in Note 9.

*(ii) Capital raising costs*

In accordance with the Fund's Product Disclosure Statement, the Responsible Entity is entitled to receive fees from the Fund, which are based on a percentage of the units issued to unit holders.

The directors of the Fund have determined that the fees are a cost of raising capital, as they are a recovery of costs incurred by the Responsible Entity in issuing units to unit holders and other associated activities. The Directors do not consider it practicable to determine an appropriate allocation between these different activities. In accordance with common industry practice and AASB 132 '*Financial Instruments: Presentation and Disclosure*' the capital raising costs are applied as a reduction of contributions by unit holders.

**NOTE 2: ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

**2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements**

The Fund has adopted all the new mandatory standards and interpretations for the current reporting period. The adoption of these standards and interpretations did not result in a material change on the reported results and position of the Fund, as they did not result in any changes to the Fund's existing accounting policies.

**2.2 Standards and Interpretations in issue not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Fund. The directors do not believe the adoption of these standards and interpretations will result in a material change on the reported results and position of the Fund, as they will not result in any changes to the Fund's existing accounting policies.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3: FINANCIAL RISK MANAGEMENT**

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Fund is exposed to are market risk, credit risk and liquidity risk. The exposure to each of these risks, as well as the Fund's policies and processes for managing these risks are described below.

**(a) Market risk**

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and other price risk. The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The Fund's market risk is managed on an as required basis by the directors in accordance with the investment guidelines as outlined in the Fund's Product Disclosure Statement and Constitution.

*(i) Currency risk*

The Fund is not exposed to currency risk arising from any financial assets or financial liabilities as all transactions are denominated in Australian dollars.

*(ii) Interest rate risk*

The Fund's cash and cash equivalents expose it to a risk of change in their fair value or future cash flows due to changes in interest rates. The specific interest rate exposures are disclosed in the relevant notes to the financial statements.

The Fund does not have a formal interest rate risk management strategy as the directors have assessed that exposure to fluctuations in interest rates is not a significant risk for the Fund.

The Fund's exposure to interest rate risk at reporting date, including its sensitivity to changes in market interest rates that were reasonably possible, is as follows:

*Instruments with cash flow risk:*

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	41,855	470,900
Bank loan	(2,708,121)	(1,750,000)
Total exposure to interest rate risk	<u>(2,666,266)</u>	<u>(1,279,100)</u>

Sensitivity of profit or loss to movements in market interest rates for instruments with cash flow risk:

- Market interest rates changed by $\pm$ 50 basis points	<u><math>\pm</math> 13,331</u>	<u><math>\pm</math>6,396</u>
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The sensitivities above have been estimated based on an analysis of changes in interest rates over the past three years, and using the average to predict future movements. There is no change to this methodology from prior years.

*(iii) Price risk*

The Fund is exposed to price risk on its deferred asset disposal fees. The deferred asset disposal fees are calculated and recognised based on the underlying changes in the price of the investment properties. Changes in the value of the investment property will directly affect the amounts recognised. Investment property and the associated price risk is actively managed and monitored by the directors, using strategy developed by methodical asset planning and Fund budgeting processes.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3: FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Market risk (continued)**

The Fund's exposure to price risk at reporting date is shown below:

*Financial Liabilities*

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Deferred asset disposal fees	105,000	85,000
Total exposure to price risk	105,000	85,000
Reasonably possible changes in prices or fair values:		
Changes in property values (deferred asset disposal fees)	±5%	±5%
Deferred asset disposal fees		
	±\$5,250	±\$4,250

The sensitivities above have been estimated based on an analysis of changes in property prices over the last three years, and using the average to predict future increases. There is no change in this methodology from prior periods.

**(b) Credit risk**

Credit risk is the risk that a party to the financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Fund is exposed to credit risk through the financial assets listed below. The table also details the maximum exposure to credit risk for each class of financial instrument.

Cash at bank	41,855	470,900
Other receivables	12,999	22,042
Maximum exposure to credit risk	54,854	492,942

The Fund manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. Financial assets such as cash at bank are held with reputable organisations. Tenants for each of the properties held by the Fund are assessed for creditworthiness before commencing a lease, and if necessary rental guarantees are sought before tenancy is approved. The directors also perform detailed reviews of both related and other parties before approving advancement of funds. This is performed to ensure that they will be able to meet repayments. There have been no changes from previous periods.

All receivables are monitored by the directors on a regular basis. The Fund applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected credit loss for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Fund, and failure to make payment.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 3: FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk**

The Fund monitors its exposure to liquidity risk by ensuring there is sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due. The directors set budgets to monitor cash flows and refinancing of any borrowing facilities. There have been no changes from previous periods.

The maturity of financial liabilities at reporting date are shown below, based on the contractual terms of each liability in place at reporting date. The amounts disclosed are based on undiscounted cash flows.

	Less than 12 months	1 – 5 Years	Total contractual cash flows	Carrying Amount Liabilities
	\$	\$	\$	\$
<b>2022</b>				
<b>Liabilities</b>				
Non-interest bearing payables	196,688	-	196,688	196,688
Variable interest rate borrowings	2,770,408	-	2,770,408	2,708,121
Deferred Asset Disposal Fee	-	105,000	105,000	105,000
<b>Total</b>	<u>2,967,096</u>	<u>105,000</u>	<u>3,072,096</u>	<u>2,634,023</u>
<b>2021</b>				
<b>Liabilities</b>				
Non-interest bearing payables	140,628	-	140,628	140,628
Variable interest rate borrowings	1,768,667	-	1,768,667	1,750,000
Deferred Asset Disposal Fee	-	85,000	85,000	85,000
<b>Total</b>	<u>1,909,295</u>	<u>85,000</u>	<u>1,994,295</u>	<u>1,975,628</u>

The facility expires in December 2022.

**(d) Fair value**

There are no financial assets or liabilities carried at fair value.



**KEY CAPITAL PROPERTY FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 3: FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Fair value (continued)**

AASB 13 *Fair Value* Measurement requires disclosure of fair value measurements by level of fair value hierarchy. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair value, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

No financial assets or liabilities are held at fair value.

**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 4: REVENUE</b>		
Revenue includes:		
(a) Property rental from:		
Base rent	91,622	112,883
Recoverable outgoings	1,627	11,992
Straight line rental	-	-
	<b>93,249</b>	<b>124,875</b>
 (b) Interest and other income arises from:		
Cash and cash equivalents	-	-
 <b>NOTE 5: EXPENSES</b>		
Profit includes the following expenses:		
Legal fees	29,320	8,741
 <b>NOTE 6: FINANCE COSTS</b>		
Interest paid or payable to other persons	92,571	70,276
Interest paid or payable to related entities	34,260	12,000
	<b>126,831</b>	<b>82,276</b>
 <b>NOTE 7: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	41,855	470,900

Cash carries a weighted average effective interest rate of 0.0% (2021: 0.0%).

**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8: TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Prepayments	12,999	22,042
Other receivables	-	-
	12,999	22,042
<b>NON CURRENT</b>		
Straight line rental receivable	-	-
	-	-

Receivables are non-interest bearing and are not past due at the reporting date. There are no receivables where the fair value would be materially different from the current carrying value.

The Fund reviews all receivables for impairment. Any receivables which are doubtful have been provided for. Based on past experience all receivables where no impairment has been recognised are not considered to be impaired.

No other class of financial asset are past due.

**NOTE 9: INVESTMENT PROPERTIES**

**(a) Investment properties are represented by:**

Directors' valuation – 'As If Complete'	10,500,000	4,250,000
Costs to complete	(2,624,214)	
Other	-	65,280
Straight line rental adjustment	-	-
	7,875,786	4,315,280

**(b) Movements during the financial year:**

Opening balance	4,315,280	4,600,000
Disposals	-	(1,200,000)
Capitalised expenditure	708,500	65,280
Changes in fair value of investment properties	2,852,006	850,000
Closing balance	7,875,786	4,315,280

**(c) Amounts recognised in profit and loss for investment properties**

Rental income	93,249	124,875
Direct operating expenses from properties that generated rental income	(101,332)	(155,724)
	(8,083)	(30,849)

All direct property operating expenses related to those that generated rental income during the period.

**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2022**  
**\$**

**2021**  
**\$**

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**NOTE 9: INVESTMENT PROPERTIES (Continued)**

**(d) Valuation basis**

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The determination of fair value was mainly based on the present value of net future cash flows and the capitalisation of net rental income for the Bellerive property although regard was also given to recent market transactions for similar properties in similar locations as the Fund's investment properties. The determination of fair value for the Wangaratta properties was based on the market comparable method.

The present value of net future cash flow projections are based on reliable estimates of future cash flows, derived from existing lease contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows. The capitalisation of net rental income projections are based on properties' estimated net market income, which is assumed to be a level annuity in perpetuity, and a capitalisation rate derived from analysis of market evidence. Reversions associated with short-term leasing risks/costs, incentives and capital expenditure may be deducted from the capitalised net income amount.

The valuations were determined by directors of the Responsible Entity as follows:

**Bellerive**

The property located at 10 Percy Street, Bellerive was last independently valued by Knight Frank in February 2022, as follows; 'As Is' - \$4,850,000, 'As If Complete' - \$10,500,000.

**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

2022                      2021  
\$                              \$

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**NOTE 9: INVESTMENT PROPERTIES (Continued)**

The key inputs into the valuation are based on market inputs made with reference to comparable properties. Properties are located in markets with evidence to support valuation inputs and methodology. The independent valuers and directors have experience in valuing similar assets and have access to market evidence to support their conclusions. Comparable assets are considered those in similar markets and condition. Investment properties have been classified as Level 2 in the fair value hierarchy (refer also Note 3 (d)). There have been no transfers between the levels in the fair value hierarchy during the year.

	<b>Last Independent Valuation Information</b>	<b>Directors Valuation</b>	
<b>Property</b>	<b>Last Independent Valuation</b>	<b>Directors Valuation</b>	<b>Directors Valuation Methodology</b>
Bellerive (i)	'As Is' - \$4,850,000 'As If Complete' - \$10,500,000	\$10,500,000	As If Complete - \$10,500,000 Less Costs to Complete - \$2,624,214 Net - \$7,875,786  Notwithstanding that the development is still ongoing the directors have determined to recognise the full anticipated gain on the development given the fixed cost nature of the construction agreement.

- (i) The property located at 10 Percy Street, Bellerive was last independently valued by Knight Frank in February 2022, as follows; 'As Is' - \$4,850,000, 'As If Complete' - \$10,500,000.

**(e) Capital commitments**

The Fund has \$2,624,214 estimated capital commitments at 30 June 2022.

**(f) Uncertainty around property valuations**

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. Whilst this represents the best estimates of fair value as at the balance date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

**(g) Assets pledged as security**

Refer to Note 12 for information on investment properties and other assets pledged as security by the Fund.

**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 10: OPERATING LEASE ARRANGEMENTS</b>		
Investment properties are leased to tenants under long-term operating leases with rentals generally payable monthly. Future minimum lease payments receivable on leases of investment properties are as follows:		
Not later than 12 months	153,925	146,778
Between 12 months and 5 years	696,607	609,462
Greater than 5 years	-	144,764
	<b>850,532</b>	<b>901,004</b>

**NOTE 11: TRADE AND OTHER PAYABLES**

CURRENT

Unsecured liabilities:

Sundry creditors and accruals	196,688	140,628
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Payables are non-interest bearing.

**NOTE 12: INTEREST-BEARING LIABILITIES**

CURRENT

*Secured liabilities:*

Bank loan	2,708,121	1,750,000
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NON-CURRENT

*Secured liabilities:*

Bank loan	-	-
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The bank loan at 30 June 2022 is \$2,708,121 (total facility \$5,460,000) less net unamortised borrowing facility costs of \$nil.

The bank loan has a weighted average effective interest rate of 3.04% at reporting date (2021: 2.56%).

The facility expires in December 2022.

**(a) Fair value**

The fair value of the bank loan has been assessed and is not significantly different from the carrying value.

The fair value has been calculated based on repayment dates and discounted at market rates.

There are no other financial liabilities where the fair value would be materially different to the amortised cost.

**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	2022 \$	2021 \$
<b>NOTE 12: INTEREST-BEARING LIABILITIES</b>		
<b>(b) Assets pledged as security</b>		
The loan is secured by a registered first mortgage over the investment properties.		
The carrying amounts of assets pledged as security are:		
Investment properties	7,875,786	4,315,280
 <b>(c) Financing arrangements</b>		
<i>Loan facilities</i>		
Total facilities:		
Bank loan	5,460,000	1,750,000
Facilities utilised at balance date:		
Bank loan	2,708,121	1,750,000

The Bank loan is subject to annual review.

The covenants over the bank borrowings require:

**Interest Cover Ratio**

- Must ensure that at all times the Interest Cover Ratio is not less than 2.00 times, where:
  - Interest Cover Ratio = aggregate net passing rental income from all leases / Gross Interest Expense; and
  - Gross Interest Expense means all gross interest expenses including any outgoings in the nature of interest, including discount and acceptance fees and capitalised interest for that period.

**Loan Value Ratio**

- Must ensure that at all times the Total Amount Owing under the Facility does not exceed 55% of the value of the Properties (as determined by the Lender from time to time using as a guide the latest valuation acceptable to the Lender) (LVR).

**KEY CAPITAL PROPERTY FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 13: PROVISIONS</b>		
Asset disposal fees	<u>105,000</u>	<u>92,000</u>

The provision for asset disposal fees relates to amounts payable to the Responsible Entity upon the sale of the investment property. The amount payable is based on a percentage of the property sale price. The provision is being recognised on a timely basis once the investment has been acquired to reflect the service provided by the Responsible Entity. There is an amount of uncertainty as to when the property will be sold and the sale price.

Movements during the financial year:

Opening balance	85,000	92,000
Provision paid on sale of investment property	-	(24,000)
Charged to the statement of comprehensive income:		
- Provision made during the period	<u>20,000</u>	<u>17,000</u>
Closing balance	<u>105,000</u>	<u>85,000</u>

**NOTE 14: EQUITY**

**(a) Issued capital**

14,102,174 ordinary units fully paid (2021: 14,102,174)	<u>10,577,528</u>	<u>10,577,528</u>
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During the financial year ending 30 June 2022 the Fund issued nil units (2021: Nil).

During the year the Fund offered no withdrawal offers.

As stipulated in the Fund's constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

**(b) Distributions paid to Unitholders**

The distributions for the financial year were:

Distributions paid	<u>196,962</u>	<u>449,861</u>
	Cents	Cents
Cents per unit	<u>1.40</u>	<u>3.19</u>



**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>

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**NOTE 14: EQUITY (Continued)**

**(c) Capital management**

As stipulated in the Fund's constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

The Fund regards total equity as its capital. The objective of the Fund is to provide unitholders with regular partly tax-advantaged income distributions over the life of the Fund and moderate capital growth over the longer term. The Fund aims to achieve this objective mainly through investing in medium to high quality Australian commercial property.

The Fund invests directly in commercial property.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments. The directors of the Responsible Entity regularly review the performance of the Fund, including asset allocation strategies, investment and operational management strategies, investment opportunities, performance review, and risk management.

**NOTE 15: RELATED PARTY TRANSACTIONS**

**Responsible Entity**

The Responsible Entity of Key Capital Property Fund is Key Capital Limited.

**Responsible Entity's fees and other transactions**

Under the terms of the constitution, the Responsible Entity is entitled to receive fees in accordance with the product disclosure statement.

Fees for the year paid/payable by the Fund:

Management of the Fund (Key Capital Limited)	37,721	62,739
Asset disposal fee	20,000	17,000
Finance Facility fee	22,260	-
Rollover fee (ii)	216,428	-
Capital works fee/Asset Acquisition fee	34,820	-

Amounts Receivable:

Aggregate amounts paid in advance to the Responsible Entity at reporting date	-	12,187
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Amounts Payable:

Disposal fee	105,000	85,000
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**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 15: RELATED PARTY TRANSACTIONS (Continued)</b>		
<b>Transactions and balances with companies which are associated with the Responsible Entity or its affiliates</b>		
Fees for the year paid/payable by the Fund:		
Accounting fees (Figureworks Pty Ltd) (i)	12,000	12,000
Mortgage broking fees (Property Partners Invest Pty Ltd) (i)	12,000	12,000
Management of the Properties (Retail Leisure Life) (i)	5,323	15,252
Leasing fees (Retail Leisure Life) (i)	55,000	17,400
Amounts Payable:		
Other payables	112,807	-

(i) Entities associated with one or more of the directors.

**Unitholdings**

The Responsible Entity held units in the Fund as follows:

*Key Capital Limited*

Number of Units held	116,073	116,073
Interest % held	0.82%	0.82%
Distributions paid/payable from the Fund	1,621	3,703

(ii) During the year a rollover fee was paid to the responsible entity. In order to calculate the rollover fee the directors of the responsible entity undertook various discussions with their legal team. As part of this the following key assumptions were applied by the directors in determining the responsible entities entitlement:

- Notwithstanding that a previous rollover date had occurred this was the first occurrence of a rollover fee being calculated. The responsible entity was entitled to a rollover fee at each of the previous rollovers being in December 2012 and December 2017, but elected not to take this fee at that time. This was confirmed through legal advice.
- The responsible entity was entitled to a rollover fee of 2% of the gross asset value of the Fund.
- The rollover fee was calculated based on the directors determining the gross assets of the Fund at \$10,801,006, this incorporated an 'As If Complete' valuation of the investment property of \$10,500,000 (compared to the 'AS IS' carrying value of the investment of \$4,850,000).

**KEY CAPITAL PROPERTY FUND  
ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 15: RELATED PARTY TRANSACTIONS (Continued)</b>		
<b>Transactions and balances with companies which are associated with the Responsible Entity or its affiliates</b>		
Other Director Related Entities held units in the Fund as follows:		
<i><u>Entities &amp; individuals associated with Mr. George Nikakis</u></i>		
Number of Units held	1,337,500	1,337,500
Interest % held	9.5%	9.5%
Distributions paid/payable from the Fund	18,681	42,666
<i><u>Entities &amp; individuals associated with Mr. Stephen Nicholls</u></i>		
Number of Units held	1,337,500	1,337,500
Interest % held	9.5%	9.5%
Distributions paid/payable from the Fund	18,681	42,666
<i><u>Entities &amp; individuals associated with Mr. James Permezel</u></i>		
Number of Units held	1,314,000	1,314,000
Interest % held	9.3%	9.3%
Distributions paid/payable from the Fund	18,353	41,917
<i><u>Key Capital Limited ATF Retail Leisure &amp; Life Trust<sup>^</sup></u></i>		
Number of Units held	39,927	39,927
Interest % held	0.3%	0.3%
Distributions paid/payable from the Fund	558	1,274

<sup>^</sup> Entity associated with Mr. Stephen Nicholls and Mr. George Nikakis

**KEY CAPITAL PROPERTY FUND  
ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

	2022 \$	2021 \$
<b>NOTE 15: RELATED PARTY TRANSACTIONS (Continued)</b>		
<b>Transactions and balances with companies which are associated with the Responsible Entity or its affiliates</b>		
<i>Key Capital Property Fund</i>		
Rental guarantee income paid by the Fund to KC9	-	48,051
Interest amounts received from KC9	-	-
	-	-
Amounts Payable:		
Rental guarantee	-	-
	-	-
<i>Key Capital Retail Fund No.9</i>		
Number of Units held	-	-
Interest % held	-	-
Distributions paid/payable from the Fund	-	-
	-	-

**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	2022 \$	2021 \$
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**NOTE 15: RELATED PARTY TRANSACTIONS (Continued)**

**Key management personnel**

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, Key Capital Limited, to manage the activities of the Fund. The directors of the Responsible Entity are key management personnel of that entity and their names are James D Permezel, Stephen Nicholls and George Nikakis. No compensation is paid directly by the Fund to directors or to any of the key management personnel of the Responsible Entity. Payments made by the Fund to the Responsible Entity do not specifically include any amounts attributable to the compensation of key management personnel.

**NOTE 16: CASH FLOW INFORMATION**

**(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	41,855	470,900
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**(b) Reconciliation of cash flows from operating activities with profit for the year**

Profit for the year	2,285,199	526,254
Adjustments for:		
Straight line rental		-
Net changes in fair value of investment properties	(2,852,006)	(850,000)
Changes in assets and liabilities:		
Decrease in assets:		
Trade and other receivables	9,043	31,117
Increase/(decrease) in liabilities:		
Trade and other payables	56,060	62,672
Provision for asset disposal fees	20,000	(7,000)
Cash flows from operating activities	(481,704)	(236,957)

**(c) Non-cash financing and investing activities**

Nil.

**KEY CAPITAL PROPERTY FUND**  
**ARSN 121 439 129**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>NOTE 17: REMUNERATION OF AUDITORS</b>		
Remuneration of the auditor for:		
Audit or review of financial report	11,900	11,200
Other services:		
Audit of compliance plan	2,655	2,500
Review of financial report	3,735	3,520
	<u>6,390</u>	<u>6,020</u>

**NOTE 18: CONTINGENCIES**

There are no material contingent liabilities as at 30 June 2022.

**NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

**NOTE 20: RESPONSIBLE ENTITY DETAILS**

The registered office and the principal place of business of the Responsible Entity is:

Unit 1  
13 Old Lilydale Rd  
Ringwood East  
Vic 3135

**KEY CAPITAL PROPERTY FUND  
ARSN 121 439 129**

**DIRECTORS' DECLARATION**

In the opinion of the directors of the responsible entity:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date,
- (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, and
- (c) Note 1 confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



**George Nikakis  
Director**

Melbourne, 12 October 2022

## Independent Auditor's Report to the Unitholders of Key Capital Property Fund

### *Opinion*

We have audited the financial report, of Key Capital Property Fund (the Fund), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of the Directors of the Responsible Entity for the Financial Report*

The directors of the responsible entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.



*Auditor's Responsibilities for the Audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Daniel Allison & Associates Assurance*

DANIEL ALLISON & ASSOCIATES ASSURANCE  
Chartered Accountants



Paul Carr  
Partner  
Melbourne, 12 October 2022