

Key Capital Property Fund
Interim Financial Report
For the half-year ended December 2023
ARSN 121 439 129

**KEY CAPITAL LIMITED
RESPONSIBLE ENTITY REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

The Directors of the Key Capital Limited (the “Responsible Entity”), present their report on Key Capital Property Fund (“the Fund”) for the half-year ended 31 December 2023.

1. Directors of the Responsible Entity

The names of Directors of the Responsible Entity in office at any time during or since the end of the half-year are as follows. The Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

James D. Permezel
Stephen Nicholls
George Nikakis (Company Secretary)

2. Principal Activities

The principal activities of the Fund are:

- To act as landlord of commercial properties, earning revenue in the form of rent
- To invest in other property funds, for the purpose of earning distribution income

3. Operating Results

The net profit of the Fund was \$150,246 (2022: \$286,613 loss).

4. Distributions Paid or Recommended

Distributions paid or declared for payment for the half-year ending 31 December 2023 were \$350,852 in total (31 December 2022: \$190,806).

	\$	31 Dec 2023	\$	31 Dec 2022
		Avg CPU pa		Avg CPU pa
Total distributions paid	350,852	\$0.0244	190,806	\$0.02153

5. Review of Operations

Key Capital Property Fund is an open-ended unlisted property fund that provides investors access to direct property and listed property investments. In the period the Fund continued to expand and acquired The Butter Factory Shopping Centre in Shepparton and increased its % ownership of the Kings Meadows Shopping Centre.

Key Capital gearing and loan term remain a focus of management with an internal target to reduce gearing under 50% by 30 June 2024 and refinance the loan for a further 3 years. In the review period a new investor promotion was used to purchase - The Butter Factory Shopping Centre, located in Shepparton.

Management completed 3 significant leasing projects over the last quarter of 2023, with the renewal of Commonwealth of Australia at Kings Meadows, new tenant - Make-up & Hairstyling at Kings Meadows, and the 10 year renewal and renovation of Dan Murphy’s Shepparton.

6. 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: 8 March 2024

The Board of Directors
Key Capital Limited
Office 15
1 East Ridge Drive
CHIRNSIDE PARK VIC 3116

8 March 2024

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 review of the half-year financial statements of Key Capital Property Fund for the half-year ended 31 December 2023, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Daniel Allison & Associates Assurance

DANIEL ALLISON & ASSOCIATES ASSURANCE
Chartered Accountants



Paul Carr
Partner
Melbourne

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INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	31 Dec 2023 \$	31 Dec 2022 \$
Revenue and other income			
Property revenue	2	520,613	12,925
Trust distribution		21,329	-
Interest income		8,868	7,500
Total revenue and other income		550,810	20,425
Expenses			
Property expenses		97,430	26,958
Finance costs	3	382,478	102,548
Responsible entity's fees (excluding direct property acquisition fees)			
- Management fees	10	87,310	45,935
- Acquisition fees indirect property	10	22,183	-
- Capital works fee	10	-	101,788
- Provision for disposal fee	10	145,000	-
Business development		62,763	-
Other expenses		62,644	32,894
Total expenses		859,808	310,123
Other gains/losses			
Net changes in fair value of financial assets at fair value through P&L		(45,463)	-
Net changes in fair value of investment properties	5	504,707	3,085
Net gain from other items		459,244	3,085
Profit/(loss) for the year		150,246	(286,613)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		150,246	(286,613)

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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INTERIM STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Note s	31 Dec 2023 \$	30 Jun 2023 \$
Current assets			
Cash and cash equivalents		262,195	222,865
Trade and other receivables	4	148,730	24,716
Total current assets		410,925	247,581
Non-current assets			
Investment properties	5	25,850,000	11,377,175
Financial assets at fair value through profit and loss	7	1,459,618	395,922
Total non-current assets		27,309,618	11,773,097
Total assets		27,720,543	12,020,678
Current liabilities			
Trade and other payables	6	511,786	76,861
Interest-bearing loans and borrowings	8	14,984,466	3,671,929
Total current liabilities		15,496,252	3,748,790
Non-current liabilities			
Provisions	10	258,000	113,000
Interest-bearing loans and borrowings	8	-	-
Total non-current liabilities		258,000	113,000
Total liabilities		15,754,252	3,861,790
Net assets		11,966,291	8,158,888
Equity			
Issued capital	9	18,105,348	14,097,339
Cumulative deficit		(6,139,057)	(5,938,451)
Total Equity		11,966,291	8,158,888

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

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INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Units Issued	Cumulative deficit	Total equity
	\$	\$	\$
Total equity as at 1 July 2022	10,577,528	(5,656,697)	4,920,831
Loss for the year	-	(286,613)	(286,613)
Total comprehensive loss for the year	-	(286,613)	(286,613)
Transactions with unitholders in their capacity as unitholders:			
Units issued	2,865,000	-	2,865,000
Units redeemed	(1,485,110)	-	(1,485,110)
Distributions paid	-	(190,806)	(190,806)
Total equity as at 31 December 2022	11,957,418	(6,134,116)	5,823,302
Total equity as at 1 July 2023	14,097,339	(5,938,451)	8,158,888
Profit for the year	-	150,246	150,246
Total comprehensive profit for the year	-	150,246	150,246
Transactions with unitholders in their capacity as unitholders:			
Units issued	4,016,759	-	4,016,759
Units redeemed	(8,750)	-	(8,750)
Distributions paid	-	(350,852)	(350,852)
Total equity as at 31 December 2023	18,105,348	(6,139,057)	11,966,291

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

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INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Cash receipts from customers		506,042	3,626
Cash payments to suppliers		(306,848)	(150,900)
Finance costs		(444,941)	(120,882)
Distribution received		21,329	-
Interest received		8,868	7,500
Net cash flows from operating activities		(215,550)	(260,656)
Cash flows from investing activities			
Payments for investment properties		(13,668,118)	(2,621,129)
Payments for Financial assets at fair value through profit and loss		(1,109,159)	-
Net cash flows from investing activities		(14,777,277)	(2,621,129)
Cash flows from financing activities			
Proceeds from borrowings		11,375,000	2,329,194
Payments for units redeemed		(8,750)	(1,485,111)
Proceeds from units issued		4,016,759	2,865,001
Distributions paid to unitholders		(350,852)	(190,806)
Net cash flows from financing activities		15,032,157	3,518,278
Net cash flows		39,330	636,493
Cash and cash equivalents at the beginning of period		222,865	41,855
Cash and cash equivalents at the end of the period		262,195	678,348

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 1: Basis of preparation and new accounting pronouncements

Note 1.1 Basis of preparation

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 responsible entity report.

Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all of the information required for the annual financial report, and should be read in conjunction with the annual financial report of the Fund for the year ended 30 June 2023.

For the purposes of preparing the interim financial report, the Fund is a for-profit entity.

The interim financial report was authorised for issue in accordance with a resolution of the board of directors of Key Capital Limited, the Responsible Entity, on 8 March 2024.

Basis of measurement

The financial statements have been prepared on the basis of historical cost, except for investment properties and financial assets at fair value through profit and loss, 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.

The principal accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

The Fund has an excess of current liabilities over current assets of \$15,085,327 due to the classification of the interest bearing loan as current. The external loan matures in September 2024 and the related party loan matures in June 2024.

Notwithstanding the above, the Directors do not anticipate any issues in relation to the obtaining a new facility as required.

Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 1: Basis of preparation and new accounting pronouncements (Continued)

Note 1.1 Basis of preparation (Continued)

Use of estimates, assumptions and judgements

In the application of the Fund's accounting policies, the Responsible Entity is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The key estimates and judgements in the interim financial report relate to:

- Investment properties – Note 5
- Financial assets at fair value through profit and loss – Note 7
- Provision for asset disposal fee – Note 10

Judgements made by the Responsible Entity that have significant effects on the interim financial statements and estimates with significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the interim financial statements.

Segment Reporting

The Fund operates in one segment, being investments in Australian commercial property. The Fund has determined its one operating segment based on the internal information that is provided to the chief operating decision maker and which is used in making strategic decisions. The Responsible Entity has been identified as the Fund's chief operating decision maker.

Note 1.2 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.

Note 1.3 Standards and Interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 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
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 2: Revenue

	31 Dec 2023	31 Dec 2022
	\$	\$
Base rent	479,466	12,925
Recoverable outgoings	41,147	-
	<u>520,613</u>	<u>12,925</u>

Note 3: Expenses

Finance Costs

Finance costs include interest expense and amortised borrowing costs.

	31 Dec 2023	31 Dec 2022
	\$	\$
Interest expense	368,808	102,548
Amortisation of borrowing costs	13,670	-
	<u>382,478</u>	<u>102,548</u>

Note 4: Trade and other receivables

	31 Dec 2023	30 Jun 2023
	\$	\$
Current		
Other receivables	14,571	-
Prepayments	134,159	24,716
	<u>148,730</u>	<u>24,716</u>
Non-Current		
Prepayments	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 5: Investment Properties

	31 Dec 2023 \$	30 Jun 2023 \$
Opening balance	11,377,175	7,875,786
Acquisitions	13,435,293	-
RE acquisition fee	260,000	-
Lease incentives	300,000	-
Other	(27,175)	-
Capital expenditure	-	2,937,321
Changes in fair value of investment properties	504,707	564,068
Closing balance	25,850,000	11,377,175

The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees.

Property	Fair Value		Cap Rate		Last Independent Valuer/Date	Last Independent Valuation \$
	Dec 2023 \$	Jun 2023 \$	Dec '23 %	Jun '23 %		
10 Percy Street, Bellerive, TAS	11,350,000	11,350,000	N/A	N/A	Knight Frank – Feb '22	\$4,850,000 – As Is \$10,500,000 – As If Complete
440-452 Wyndham Street, Shepperton, VIC	14,500,000	N/A	5.28	N/A	Opteon – Aug ' 23	\$13,000,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 5: Investment Properties (Continued)

Recognition and measurement

Investment properties are properties held to either earn rental income or for capital appreciation or for both. Investment properties are initially recorded at cost which includes stamp duty and other transaction costs.

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

Valuation techniques and significant unobservable inputs

The fair values of investment properties were determined by the directors of the Responsible Entity or by an external, independent valuation company having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The valuations were prepared by considering the following valuation methodologies:

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

Fair value measurement

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

Significant unobservable input	Valuation input value		Impact on fair values	
	31 Dec 2023	30 Jun 2023	Increase input	Decrease input
Capitalisation rate	5.28%	N/A	Decrease	Increase

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 6: Trade and other payables

	31 Dec 2023	30 Jun 2023
	\$	\$
Sundry creditors and accruals	511,786	76,861
	511,786	76,861

Note 7: Financial assets at fair value through profit and loss

	31 Dec 2023	30 Jun 2023
	\$	\$
Units in unlisted property trusts managed by the Responsible Entity or its affiliates - at directors' valuation	1,459,618	395,922
	1,459,618	395,922

(a) Valuation basis

Unlisted securities are not traded in active markets. Units are measured at fair value and determined by reference to the underlying properties and other net assets of the trusts. The method of valuation of investment properties held by the trusts is determined by the method outlined in Note 5.

In assessing the fair value of investments held in schemes managed by the Responsible Entity or its affiliates, the unit price is determined by the entity's net assets adjusted for contribution and establishment fees and other adjustments where necessary. This methodology is consistent to that used by the Responsible Entity to issue units in the Fund to the general public.

(b) Uncertainty around fair value estimation of unlisted investments

The fair value of unlisted investments is the price at which units 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.

As unlisted investments are not traded in active markets fair value is determined using recent sales evidence or other valuation techniques at the reporting date.

The Responsible Entity has established a unit pricing policy that has been demonstrated to provide reliable estimates of prices used regularly in actual market transactions. This policy values units by reference to the Fund's net assets, adjusted for transaction costs (the costs when assets in the Fund are bought and sold), derivative instruments, and other adjustments as outlined within the product disclosure statement of the Fund.

This policy has been reviewed in the context of the current economic climate and the directors believe this to be the best estimate of fair value at balance date.

Whilst the directors have determined this is the best estimate of fair value, the current market uncertainty means that if units are sold in the future, the price achieved may be higher or lower than the fair value recorded in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 8: Interest bearing loans and borrowings

As at 31 December 2023 the Fund has the following interest bearing loans and borrowings:

Facility	Expiry date	31 Dec 2023		30 Jun 2023	
		Limit \$	Amount drawn \$	Limit \$	Amount drawn \$
Current					
Bank loan	Sep 2024	15,635,000	14,485,000	3,735,000	3,735,000
Director related entity loan	June 2024	625,000	625,000	-	-
Unamortised borrowing costs		-	(125,534)	-	(63,071)
		16,260,000	14,984,466	3,735,000	3,671,929
Non-current					
Bank loan	N/A	-	-	-	-
Unamortised borrowing costs		-	-	-	-
		-	-	-	-

The facilities are secured by first mortgages over the Fund's investment properties and a first ranking fixed and floating charge over all assets of the Fund.

Note 9: Issued Capital

	31 December 2023		30 June 2023	
	Units	\$	Units	\$
Opening balance	24,273,096	14,097,339	14,102,174	10,577,528
Units issued	11,362,186	4,016,759	14,414,096	4,957,721
Units redeemed	(25,000)	(8,750)	(4,243,174)	(1,437,910)
Closing balance	35,610,282	18,105,348	24,273,096	14,097,339

All units issued have the same voting rights. In the event of a wind-up of the Fund.

An equity instrument is any contract that evidences a residual interest in the assets of a Fund after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds, net of direct issue costs.

Distributions paid to Unitholders

	31 Dec 2023 \$	31 Dec 2022 \$
Distributions paid	350,582	190,806
	Annualised Average Cents	Annualised Average Cents
Cents per unit	\$0.0244	\$0.02153

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 10: Related Parties

Key management personnel

The Fund does not employ personnel in its own right. However, it is required to have 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
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.

Key management personnel loan disclosure

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Responsible entity

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

Responsible entity's fees and other transactions

	31 Dec 2023 \$	31 Dec 2022 \$
<i>Fees for the year paid/payable by the Fund:</i>		
Asset disposal fee deferred	145,000	-
Finance Facility fee (total paid)	61,200	-
Capital works fee/Asset Acquisition fee	282,183	101,788
Management of the Fund	87,310	45,935

	31 Dec 2023 \$	30 Jun 2023 \$
<i>Amounts received/receivable</i>		
Amounts received/receivable from the Responsible Entity	39,339	-
<i>Amounts payable/provision:</i>		
Other	57,381	8,793
Disposal fee	258,000	113,000

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.

Unitholdings

The Responsible Entity held units in the Fund as follows:

Number of Units held	-	-
Interest % held	-	-
Distributions paid/payable from the Fund	-	432

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NOTES TO THE FINANCIAL STATEMENTS
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Note 10: Related Parties (Continued)

Transactions and balances with entities or individuals which are associated with the Responsible Entity or its affiliates

	31 Dec 2023	31 Dec 2022
	\$	\$
Fees for the year paid/payable by the Fund:		
Accounting fees (Figureworks Pty Ltd) (i)	9,000	7,000
Mortgage broking fees (Property Partners Invest Pty Ltd) (i)	-	-
Management of the Properties (Retail Leisure Life) (i)	8,855	710
Leasing fees (Retail Leisure Life) (i)	-	-
	<hr/>	<hr/>
Amounts Payable:		
Director related entity loan (i)	625,000	22,000
	<hr/>	<hr/>

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 10: Related Parties (Continued)

Transactions and balances with entities or individuals which are associated with the Responsible Entity or its affiliates

	31 Dec 2023	30 June 2023
	\$	\$
Unitholdings		
<i>Other director related entities held units in the Fund:</i>		
<i>Entities & individuals associated with the directors</i>		
Number of Units held	5,497,512	2,850,207
Interest % held	15.44%	11.74%
Distributions paid/payable from the Fund	41,223	48,221

Transactions and balances with trusts which are managed by the Responsible Entity or its affiliates

Key Capital Retail Fund No.9

Number of Units held	1,337,151	347,300
Interest % held	44.57%	11.57%
Distributions paid/payable from the Fund	14,571	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 11: Financial Instruments

The directors of the Responsible Entity consider that the carrying amount of the financial assets and financial liabilities approximate their fair value in the financial statements. All financial instruments are measured at amortised cost with the exception of financial assets at fair value through profit and loss. financial assets at fair value through profit and loss are measured at fair value and have a level 2 designation in the fair value hierarchy. There were no transfers between levels of fair value hierarchy during the period.

Valuation techniques

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of interest rate swaps are determined using a discounted cash flow analysis. The future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit rate of the various counterparties

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date
- Level 2 – Derived from 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 (i.e., derived from prices)
- Level 3 – Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

Note 12: Contingent assets, liabilities and commitments

The Fund has no contingent assets, liabilities or commitments as at 31 December 2023.

Note 13: Events subsequent to reporting date

No other matters or circumstances have arisen since the end of the financial half-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 14: Additional information

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

Office 15

1 East Ridge Drive

CHIRNSIDE PARK VIC 3116

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DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

The Directors of Key Capital Limited, the Responsible Entity of Key Capital Property Fund, declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;

(b) the attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 1.1 to the financial statements; and

(c) in the directors' opinion, the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards, *the Corporations Regulations 2001* and other mandatory professional reporting requirements, and giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.

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

A handwritten signature in blue ink, appearing to read 'G. Nikakis', is positioned above the printed name and title.

George Nikakis
Director

Melbourne, 8 March 2024

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

Conclusion

We have reviewed the interim financial report of Key Capital Property Fund (the Fund), which comprises the interim statement of financial position as at 31 December 2023, the interim statement of profit or loss and other comprehensive income, interim statement of changes in equity and interim statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Key Capital Property Fund does not comply with the *Corporations Act 2001* including:

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

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 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 annual 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 responsible entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of 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 for 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 Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year 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 is not in accordance with *the Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with 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.

Daniel Allison & Associates Assurance

DANIEL ALLISON & ASSOCIATES ASSURANCE
Chartered Accountants



Paul Carr
Partner
Melbourne, 8 March 2024