CLARENCE PROPERTY

31 DECEMBER 2022

HALF YEAR FINANCIAL REPORT

CLARENCE PROPERTY DIVERSIFIED FUND (CPDF)

clarenceproperty.com.au
invest@clarenceproperty.com.au
1300 853 069

MANAGER & RESPONSIBLE ENTITY

Clarence Property Corporation LImited
PO BOX 1478, Ballina NSW 2478
ACN 094 710 942 | AFSL 230212

As responsible entity for Clarence Property Diversified Fund ARSN 095 611 804 and Epiq Lennox Property Trust ARSN 626 201 974.

NO STRESS JUST RETURNS

CLARENCE PROPERTY

KEY HIGHLIGHTS

OPERATIONAL OUTCOMES

INVESTMENT PROPERTY VALUATIONS

↑9%

valuation increase in the 15 properties independently revalued

NEW CAPITAL RAISED

$16.9M

Including $2m of Distribution Reinvestment (currently 16% of unit holders are reinvesting)

RESIDENTIAL DEVELOPMENT PIPELINE

951 LOTS

$656M

estimated gross realisation value. Increase of 394 Lots and $229m

SOLAR METRICS

16 PROPERTIES

2.6MW

Increase of 2 properties fitted with rooftop solar systems. Increase in generating capacity of 84 kW.

BALANCE SHEET METRICS

NET GEARING

31.6%

INTEREST COVER

5.2 TIMES

CASH & UNUSED FINANCE FACILITIES

$54M CASH

$58M UNDRAWN FACILITIES

TOTAL ASSETS

$777M

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DIRECTORY

Responsible Entity and Manager
Clarence Property Corporation Limited
ACN 094 710 942
AFSL 230212

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Auditor for the Group
PKF Brisbane Audit
Level 6, 10 Eagle Street
Brisbane QLD 4000

Auditor for the Manager
WCA Audit & Assurance Services Pty Ltd
62 Woodlark Street
Lismore NSW 2480

The directors of Clarence Property Corporation Limited ("Responsible Entity"), the responsible entity of Clarence Property Diversified Fund ("CPDF") and Epiq Lennox Property Trust ("ELPT"), present their report together with the consolidated financial statements for the half year ended 31 December 2022 (the "Period") for both:

i) the Clarence Property Diversified Group (“Group”) consisting of Clarence Property Diversified Fund, Epiq Lennox Property Trust and their controlled entities; and
ii) Clarence Property Diversified Fund.

The units of CPDF and the units of ELPT are combined and issued as stapled securities in the Group. The units in either trust cannot be traded separately and can only be traded as stapled securities.

1 Directors and officers

i) Directors

The following were directors of the Responsible Entity during the Period and up to the date of this report, unless otherwise stated:

James Dougherty OAM
Chairman of Directors (Non- Executive)
James is a licensed real estate agent and chartered accountant with wide ranging experience in the property, accounting and finance industries. He holds a Bachelor of Economics and a Diploma of Financial Management, both from the University of New England, and also holds a Certificate IV in Financial Services (Finance/Mortgage Broking). He was awarded the Order of Australia Medal in 2014 for services to the community and surf lifesaving. He has been a director of Westlawn Finance Limited since 1994 and has been chairman of directors of Clarence Property Corporation Limited since 2000.

Peter Fahey
Managing Director (Executive)
Peter has been involved in the property industry for more than 35 years. He has a wide range of property experience, in both capital cities and regional areas, including sales, leasing, management, valuation, financing and development. Peter has been involved in funds management since 1994 and was the founder of Clarence Property and Clarence Property Diversified Fund, and subsequently numerous other syndicates. He holds a Bachelor of Business (Retail Property Valuation and Administration).

Darrell Irwin
Director (Executive)
Darrell has over 30 years experience in advising, consulting, developing and selling in the commercial property arena including the office, industrial, retail and residential sectors as well as a long term involvement in masterplanned communities. He has significant experience in marketing properties both domestically and internationally. Darrell has held leadership roles with development companies and is a former National Director and Director in Charge of the Gold Coast office of Colliers International, specialising in major commercial property transactions and large-scale development properties.

Tony Tippett
Director (Non-Executive)
Tony has been actively involved in the property industry for more than 30 years, from project conception, feasibility, financing, marketing, to sales and delivery for a range of residential, commercial and retail projects up to $350 million. He is a director of the Robina Group of Companies, an associate member of the Institute of Chartered Accountants Australia and New Zealand, a fellow of the Governance Institute of Australia, a member of the Australian Institute of Company Directors, a licenced Real Estate Agent and holds a Bachelor of Economics from the University of New England.

1 Directors and officers (continued)

i) Directors (continued)

Andrew Carlton
Director (Non-Executive)

Andrew is a licensed real estate agent and is a Senior Director at CBRE, the world's largest real estate services firm. He commenced his real estate career with CBRE Brisbane in 1999 and has also held senior roles at Knight Frank. Across his career, Andrew's primary focus has been in the office sector, and he has been involved in numerous key leasing and development campaigns across the Near City markets. Andrew is well respected in the commercial property industry and has built a strong network of industry relationships across all aspects of the real estate and the wider Brisbane business community. He holds a Bachelor of Applied Science, Property Economics from Queensland University of Technology, and has completed a Graduate Diploma of Applied Finance and Investment from Securities Institute of Australia.

ii) Company Secretary

Paul Rippon

Paul has over 40 years' experience in public accounting, finance and property. He holds a Bachelor of Business (Accounting & Business Law) from the New South Wales Institute of Technology and is a member of the Institute of Chartered Accountants Australia and New Zealand. Paul has been involved with the Clarence Property group since 2007, and during that time has been responsible for the day-to-day operations of the Group, its funding arrangements and management of numerous property transactions and land developments in New South Wales and Queensland. Paul sits on the Responsible Entity's compliance committee.

iii) Directors meetings

Six directors meetings were held in the period 1 July 2022 to 31 December 2022 and attendances were:

James Dougherty	6
Peter Fahey	5
Darrell Irwin	5
Tony Tippett	5
Andrew Carlton	6

2 Principal activity

The principal activity of the Group during the Period was to invest in commercial rental properties and residential and commercial land development properties, with the aim of providing regular property income to its investors, while at the same time preserving and enhancing the capital value of the portfolio. There was no significant change in the nature of this activity during this Period, other than as stated in these statements.

3 Operating and financial review

The following is a summary of key outcomes during the Period:

i) Operating results

The profit of the Group after income tax for the Period amounted to $35,219,290 (December 2021: $36,583,315). After taking account of distribution of income for the period of $13,522,722 and brought forward undistributed income, the total undistributed income carried forward to future periods is $89,784,699.

Net property income (property revenue less property expenses and outgoings) for the Period equated to $13,763,155, being a 9% increase on the corresponding period last year. This is primarily as a result of the impact of acquisitions during the prior period.

Net income from the realisation of inventory (sale of inventories less inventory sales costs and cost of inventories sold) for the Period equated to $363,443, being a 93% decrease on the corresponding period last year. This reflects the fund having limited stock available for sale and no developments entering the sales phase during the Period. It is expected in excess of 50 residential lots will enter the sales phase during the next 6 months.

3 Operating and financial review (continued)

i) Operating results (continued)

Financing costs for the Period equated to $5,071,781, being a 101% increase on the corresponding period last year. This is due to the increase in the variable borrowing rate influenced by the significant lift in the cash rate by the RBA.

The results for the Period were also positively influenced by profit on sale of two investment properties (Ormeau Marketplace and Zone Underwood), totalling $15,547,142. Sales prices reflected an 8% and 53% premium respectively to the valuations as at 30 June 2022.

The impact on operations due to economic uncertainties following COVID-19 was relatively minor. The operating results reflect the strength, diversity and resilient nature of the Group's properties and tenants.

ii) Investment property portfolio

As at 31 December 2022 the Group had a diversified portfolio of 38 investment properties with a total value of $522,782,316 (decrease of 8% from June 2022, due to property disposals - see c) below), spread across the retail, commercial office, warehousing/logistics, childcare, medical & rural asset sectors. Of these properties, six are still under construction through fund-through arrangements with developers and one is a vacant parcel of land pending future development.

a) Leasing and occupancy

Since 1 July 2022, the Group has completed 18,209m² of leasing across 41 separate transactions representing approximately 11% of the portfolio by area. Of these transactions, 21 were lease renewals or extensions representing a retention rate of 91%.

At 31 December 2022, the Group's investment properties had a weighted average lease expiry of 4.5 years (June 2022: 4.8 years) and an occupancy rate of 94.5% (June 2022: 94.9%).

b) Acquisitions

On 16 November 2022 the Group acquired two parcels of land at 53A and 53B South Street, Rangeville QLD for $1,195,000 upon which it is proposed to build a childcare centre. The acquisition was funded from cash reserves.

c) Disposals

On 19 September 2022, the Group completed the sale of Ormeau Marketplace. The sale price of $34,000,000 reflected an 8% premium to the property's valuation of $31,500,000 as at 30 June 2022. Proceeds were used to reduce the ING finance facility by $16,750,000, with the balance held in cash.

Settlement of the sale of Zone Underwood was expected to occur in late September 2022, however in late August part of the property was severely impacted by fire. After working closely with the Group's insurers and the purchaser a way forward was found with settlement occurring on 21 December 2022. The sale price of $56,000,000 reflected a 53% premium to the property's valuation of $36,500,000 as at 30 June 2022. Proceeds have been held in cash pending redeployment into future property acquisitions.

As part of the final Zone Underwood settlement agreement with the purchaser, the Group has assumed an obligation to rebuild the impacted building and has provided a rental guarantee to the purchaser to cover lost rent while the building is being reinstated. Our insurers have accepted our claim and will cover the cost of the rebuild. Further we have accepted a payout from our insurers for lost rent, which is expected to offset the majority of any claims from the purchaser under the rental guarantee provided.

3 Operating and financial review (continued)

ii) Investment property portfolio (continued)

d) Valuations

During the Period fifteen investment properties (39% of the portfolio) were independently revalued resulting in a 9% increase in their valuations:

Property description	Valuation date	Previous valuation $	New valuation $	Change since last valuation $
Commercial office				
183 Varsity Parade, Varsity Lakes	Aug-22	12,250,000	12,750,000	500,000
9 Hercules Street, Hamilton	Aug-22	10,200,000	12,000,000	1,800,000
188 Macquarie Street, Dubbo	Aug-22	10,700,000	11,300,000	600,000
65 Park Road, Milton	Aug-22	5,950,000	5,950,000	-
27-29 Grant Street, Port Macquarie	Oct-22	16,000,000	15,700,000	(300,000)
Retail & Large Format Retail				
Byron Bay Fair	Sep-22	14,000,000	15,500,000	1,500,000
Bell Central, Mudgeeraba	Sep-22	16,500,000	17,600,000	1,100,000
Childcare & Medical				
East Tamworth Medical Centre	Sep-22	14,500,000	15,600,000	1,100,000
Milton Childcare	Sep-22	8,435,000	9,450,000	1,015,000
Bahrs Scrub Childcare	Sep-22	5,600,000	6,800,000	1,200,000
Logistics/Distribution/Industrial/Other				
48 Bell-Are Avenue, Northgate	Aug-22	11,600,000	12,400,000	800,000
42 Mcroyle Street, Wacol	Sep-22	7,850,000	10,000,000	2,150,000
81 Stradbroke Street, Heathwood	Sep-22	7,400,000	9,400,000	2,000,000
31 Paringa Rd, Murarrie	Aug-22	18,200,000	20,200,000	2,000,000
96 Tile Street, Wacol	Oct-22	7,300,000	7,300,000	-
		166,485,000	**181,950,000**	**15,465,000**

The weighted average capitalisation rate for the portfolio firmed to 6.2% as at 31 December 2022 (June 2022: 6.3%).

The property market is dynamic and property values may rise or fall from time to time. The Group has no capacity to influence the market, but we are continually looking to enhance the value of our properties. Any change in property values affects the Group's net tangible asset backing and also the Group's financial covenants.

e) Sustainability

Sustainability is a key focus of the Group when managing its properties and assessing acquisition opportunities. This includes consideration of the property's energy efficiency, water efficiency and solar power generating capability.

All the Group's commercial office buildings have achieved NABERS Energy Ratings, with one property receiving a 6 star rating and five further properties achieving 5.5 star ratings, resulting in 67% of the groups commercial office properties being rated as excellent or market leading.

Fourteen (37%) of the Group's investment properties have on-site solar power with the capacity to generate in excess of 1.86MW, enhancing efficiency and reducing reliance on the grid. Additionally the Group has leases at a further two properties where it has installed solar panels with generating capacity of over 744kW.

3 Operating and financial review (continued)

iii) Inventory & property development

The Group now has a residential development pipeline of 951 lots (June 2022: 557 lots) with a forecast gross realisation value of $656m (June 2022: $427m) across 7 different projects. Additionally, the Group owns a 24 lot industrial subdivision with a forecast gross realisation of $85m.

Across the Group, we have development properties at all stages of their life-cycle - in planning, with local Councils or the NSW Dept. of Planning for approval, under construction and selling. It's fair to say the "heat" has gone out of development activities over the last few months, with a blowout in Council approval timeframes (largely flood-related), rising construction costs and a noticeable slowdown in the rate of sale. That said, we're continuing to see anecdotal evidence of signs of improvement, and anticipate some "normality" returning to the land development sector later in 2023.

During the Period the Group acquired:

<u>290-290a North Boambee Rd, North Boambee Valley</u>
In July 2022 the Group settled the purchase of a 55ha residential subdivision site at 290 North Boambee Road, Boambee NSW for $10,500,000. The purchase was funded from cash reserves.

<u>Bark Hut Road, Woolgoolga</u>
In October 2022 the Group settled the purchase of a 16.4ha residential subdivision site on Bark Hut Road, Woolgoolga NSW for $14,500,000. The purchase was funded from cash reserves.

A summary of each development is as follows:
<u>"Epiq" Lennox.</u>

i) The Pocket - The civil works programme to create 14 residential lots commenced in October 2022 with subdivision certificate and titles expected in April 2023. Marketing of the lots commenced in October 2022 and all 14 lots are under unconditional sale contract.
ii) Super Lot 5 - A modification application to create 102 terrace home lots is with the NSW Dept. of Planning for determination.
iii) Super Lot 7 - The civil works programme to create 33 residential lots, 26 live/work lots and 2 commercial lots was completed in December 2022. Subdivision certificate and titles are expected by March 2023. Marketing of the residential lots commenced in April 2022. 3 lots are under unconditional sale contracts with the remaining residential lots being marketed for sale.

<u>Yamba Quays</u>

i) Stage 2 - Of the four remaining lots in this stage, two were under unconditional sale contracts at 31 December, with settlement occurring in January 2023. Contracts have been issued for the balance two lots.
ii) Stage 3 - The civil works programme is well underway and is expected to be complete in early 2023, with subdivision certificate and titles to follow. A marketing campaign for the sale of the 11 lots commenced in late 2022, with two lots under conditional sale contracts.
iii) Stages 4 & 5 - A construction certificate application for stage 4 has been lodged with Clarence Valley Council for the civil works. The civil works programme is anticipated to commence in mid/late 2023. Stage 5 design work is continuing.

<u>'Sceniq' Bilambil Heights</u>

i) Stage 1 - A construction certificate application has been lodged with Tweed Shire Council for the civil works. Significant delays have been encountered with council approval of the works, however approval is expected by Easter 2023.

<u>'Wallum' Brunswick</u>

i) A development application has been lodged with Byron Shire Council for 127 lots and is expected the development will be constructed in three stages. It is anticipated that early bulk earth works will commence in late 2023 and construction on the first stage commence in early 2024. A marketing and sales campaign was launched in December 2022 with eleven lots now under unconditional contracts of sale.

3 Operating and financial review (continued)

iii) Inventory & property development (continued)

Newmans Road, Woolgoolga

i) Planning activity has continued during the Period. The project is dependant on Coffs Harbour City Council adopting a development contributions plan (DCP). Recent correspondence from Council has indicated this is expected in March 2023. A development application has been prepared and is ready for lodgement once the DCP has been adopted.

"Hub" Heathwood

i) The civil works program commenced in July 2022 and is expected to complete in August 2023. Sales and marketing activity continues with the lots being gradually released to the market for sale. Four lots are under unconditional contracts of sale for gross proceeds of $14.6m. Additionally three lots are in due diligence. Further lots have been taken to the market under an expression of interest campaign.

iv) Finance facilities and capital management

As at 31 December 2022, the Group had total drawn borrowings of $282,601,195 (June 2022: $273,429,772) with a weighted average effective interest cost of 4.89% (June 2022: 3.49%) and net gearing of 31.6% (June 2022: 36.8%). Cash and cash equivalents increased by $44.7m during the Period, reflecting the proceeds from the sale of Zone Underwood being held in cash at 31 December 2022.

The Group has in place interest rate derivatives totalling $110,000,000 representing 39% of drawn borrowings. $60,000,000 was active as at 31 December 2022, with the remainder being forward start dated and coming into effect during 2023 and 2024.

The Group has borrowings which are exposed to interest rate movements, and rising interest costs will negatively impact net profit. The Directors believe that Group gearing is such that foreseeable increases in interest costs can reasonably be managed.

During the Period the Group continued to draw on the $45,000,000 finance facility with Bank of Queensland, to fund the development costs associated with some of its development projects.

As part of the sale of Ormeau Marketplace in September 2022 the Group repaid $16,750,000 from its finance facility with ING. The facility is now $8,000,000.

In September 2022 the Group extended its existing $19,800,000 finance facility with BOQ for a further 3 years.

In December 2022 the Group drew an additional $15,000,000 from the existing $50,000,000 finance facility with ANZ by providing Grant Street, Port Macquarie and Tile Street, Wacol as security to the CTD security pool.

The Group continues to comply with all its financial covenants in relation to each of its finance facilities.

v) Capital raising

Since opening of the PDS issued in April 2022 and to the date of this report 19,671,517 units have been issued.

During the Period a total of 13,232,829 units were issued at an average $1.10 per unit, resulting in new issued capital of $14,556,112.

Pursuant to the Distribution Reinvestment Plan, 2,149,507 units were issued at an average $1.07 per unit during the Period, representing a participation rate of 16.3%.

3 Operating and financial review (continued)

vi) Outlook

While the world is now learning to live with COVID-19, new challenges are presenting themselves which may impact the Group's future operations. Global geo-political instability has caused impacts to supply chains, whilst economies have rebounded faster and sharper than most central banks anticipated following COVID-19. This has led to inflation, which in turn has led to central banks tightening monetary policy. These uncertain economic conditions may, in particular, lead to a period of continuing subdued residential land sales.

It is also possible new risks may emerge as a result of domestic or foreign markets experiencing extreme stress, or existing risks (including impacts of COVID-19) may evolve in ways not currently foreseeable.

The Group aims to mitigate the potential impacts of fluctuating economic conditions by seeking to maintain a strong and conservative balance sheet and financial position. The Group's net gearing at Pewriod end was 31.6% and it had $58m of undrawn finance facilities.

4 Significant changes in the state of affairs of the Group

In the opinion of the Directors there were no significant changes in the state of affairs of the Group during the Period, other than those stated in these statements.

5 Matters arising since the period end

Since the Period end, economic uncertainty has continued to evolve with potential impacts on specific areas of judgement applied in preparing these financial statements. The Group has continued to re-evaluate the potential impacts on significant inputs and key areas of judgement as outlined in Note 1. Based on these evaluations, the Group has determined there are no material events since Period end which would give rise to an adjustment.

On 1 January 2023 units totalling 1,119,093 were issued in relation to funds received during December 2022 pursuant to the PDS, and is shown as a current liability in the financial statements.

In November 2022 the Group entered into a contract to acquire a 3.7ha residential subdivision site at 36 Bark Hut Road, Woolgoolga NSW, adjacent to the Group's existing Bark Hut Road development. Settlement of the land took place in January 2023 for $5,050,000 (of which $2,000,000 is deferred for 4 years) and was funded from cash reserves.

On 14 December 2022 the Group entered into a contract to acquire two parcels of land at 54 and 56 Clegg Road, Mount Evelyn VIC for $1,755,000 upon which it Is proposed to build a childcare centre. Settlement took place on 23 January 2023 and was funded from cash reserves.

No matter or circumstance, other than as mentioned above, has arisen since the end of the Period that has significantly affected or may significantly affect:
i) the operations of the Group;
ii) the results of those operations; or
iii) the state of affairs of the Group in subsequent financial years.

6 Likely developments in the operations of the Group

The Group will continue with a similar level of activity for the year ending 30 June 2023 as in the past. The Responsible Entity will continue to ensure the long term growth of the Group by identifying profitable long term property opportunities in Australia, and will continue to carefully manage and develop existing properties.

7 Environmental issues

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth, State or Territory. The Group is, however, party to a Conservation Zone Management Plan relating to its "Epiq Lennox" development.

8 Distributions to unit holders

During the Period unit holders received or were entitled to receive cash distributions of $13,522,722 (2021: $11,380,800). The average annualised rate of cash distributions for the Period was 6.1 cents per unit (2021: 6.0 cents per unit).

9 Options on units

There are no options over any units in the Group.

10 Responsible Entity fees

Fees paid to the Responsible Entity in accordance with the Constitutions of the Group during the Period are disclosed in Note 26 on Page 39 of the financial statements.

11 Indemnifying officers or auditor

During or since the end of the Period the Responsible Entity has not given an indemnity or entered an agreement to indemnify any officer or auditor in respect of the operations of the Group.

The Responsible Entity pays premiums to insure each of the directors 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 director of the Responsible Entity, other than conduct involving a wilful breach of duty in relation to the Responsible Entity.

12 Interests in the Group

The details of interests in the Group for the Period were:

i)	Units as at 1 July 2022	433,282,172
	Units issued during the period	15,382,336
	Units redeemed during the period	-
	Units as at 31 December 2022	448,664,508

Details of units held by related parties are disclosed in Note 26 on page 38 of the financial statements.

ii) The value of the Group's total assets at 31 December 2022 was $777,615,860.
Assets were valued at cost or fair value.

13 Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Responsible Entity was not a party to any such proceedings during the Period.

14 Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 11.

Signed in accordance with a resolution of the Board of Directors:

Peter Fahey	**James Dougherty**
Managing Director	Chairman

Dated 3rd day of March 2023

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CLARENCE PROPERTY CORPORATION LIMITED
AS RESPONSIBLE ENTITY FOR CLARENCE PROPERTY DIVERSIFIED FUND

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF BRISBANE AUDIT

LIAM MURPHY
PARTNER

3 MARCH 2023
BRISBANE

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2022

	Note	Consolidated Group 31 December 2022 $	Consolidated Group 31 December 2021 $	CPDF 31 December 2022 $	CPDF 31 December 2021 $
Revenue and other income					
Interest revenue		**112,753**	1,254	**86,044**	1,244
Property revenue		**22,175,115**	19,603,474	**15,398,000**	12,306,694
Sale of inventories		**931,818**	10,344,202	**-**	-
Profit on disposal of assets		**15,547,142**	-	**14,408,077**	-
Other income	**2**	**13,491**	1,097,250	**3,389,210**	1,439,270
Fair value gain from investment property	**13**	**13,469,857**	23,237,310	**5,193,726**	14,850,859
Fair value adjustments to financial assets		**-**	(983,190)	**-**	(983,190)
Fair value gain on derivative financial instruments		**187,859**	1,945,612	**187,859**	1,945,612
Total revenue		**52,438,035**	55,245,912	**38,662,916**	29,560,489
Expenses					
Financing costs	**3**	**(5,071,781)**	(2,527,507)	**(3,518,897)**	(1,777,439)
Property expenses and outgoings		**(8,411,960)**	(7,016,430)	**(4,970,481)**	(4,201,432)
Bad and doubtful debts expense		**(101,830)**	-	**-**	-
Inventory sales costs		**(291,754)**	(479,927)	**-**	-
Cost of inventories sold		**(276,621)**	(4,998,241)	**-**	-
Fund management fees	**26**	**(2,896,384)**	(2,044,784)	**(2,237,924)**	(1,710,438)
Other expenses		**(539,332)**	(619,696)	**(361,868)**	(526,935)
Total expenses		**(17,589,662)**	(17,686,585)	**(11,089,170)**	(8,216,244)
Net profit before income tax		**34,848,373**	37,559,327	**27,573,746**	21,344,245
Income tax (expense)/benefit	**5**	**370,917**	(976,012)	**-**	-
Profit after income tax attributable to unitholders		**35,219,290**	36,583,315	**27,573,746**	21,344,245
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income attributable to unitholders		**35,219,290**	36,583,315	**27,573,746**	21,344,245

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

	Note	Consolidated Group 31 December 2022 $	Consolidated Group 30 June 2022 $	CPDF 31 December 2022 $	CPDF 30 June 2022 $
ASSETS					
Current assets					
Cash and cash equivalents	**6**	**54,204,698**	9,464,513	**52,726,626**	6,220,389
Trade and other receivables	**7**	**11,336,874**	1,815,522	**10,605,881**	741,590
Inventory	**9**	**31,609,965**	6,817,920	**-**	-
Prepaid income tax		**-**	639,191	**-**	-
Other assets	**12**	**2,895,568**	2,389,165	**1,465,719**	838,793
Total current assets		**100,047,105**	21,126,311	**64,798,226**	7,800,772
Non-current assets					
Trade and other receivables	**7**	**-**	-	**278,627,809**	274,373,571
Financial assets	**8**	**-**	-	**10,163,620**	10,163,620
Inventory	**9**	**141,221,155**	126,367,993	**629,014**	629,014
Deferred tax assets	**10**	**1,975,230**	1,508,711	**-**	-
Property, plant and equipment	**11**	**1,912,427**	1,813,232	**-**	-
Investment property	**13**	**522,782,316**	566,408,691	**344,880,000**	374,880,000
Derivative financial instruments	**19**	**9,429,005**	9,241,145	**9,429,005**	9,241,145
Other assets	**12**	**248,622**	374,006	**248,622**	374,006
Total non-current assets		**677,568,755**	705,713,778	**643,978,070**	669,661,356
Total assets		**777,615,860**	726,840,089	**708,776,296**	677,462,128
LIABILITIES					
Current liabilities					
Trade and other payables	**14**	**9,121,282**	6,133,914	**5,605,518**	3,665,691
Income tax	**15**	**68,890**	20,609	**-**	-
Other liabilities	**16**	**8,083,940**	8,083,964	**7,149,495**	6,932,276
Total current liabilities		**17,274,112**	14,238,487	**12,755,013**	10,597,967
Non-current liabilities					
Deferred tax liabilities	**17**	**650,979**	635,094	**-**	-
Financial liabilities	**18**	**282,601,195**	273,429,772	**237,679,500**	239,429,671
Total non-current liabilities		**283,252,174**	274,064,866	**237,679,500**	239,429,671
Total liabilities		**300,526,286**	288,303,353	**250,434,513**	250,027,638
Net assets		**477,089,574**	438,536,736	**458,341,783**	427,434,490
EQUITY					
Unitholders' equity					
Issued capital		**387,304,875**	370,448,605	**387,304,875**	370,448,605
Undistributed income		**89,784,699**	68,088,131	**71,036,908**	56,985,885
Total unitholders' equity		**477,089,574**	438,536,736	**458,341,783**	427,434,490

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

Consolidated Group	No. of units on issue	Issued capital $	Undistributed income $	Total $
Balance at 1 July 2022	**433,282,172**	**370,448,605**	**68,088,131**	**438,536,736**
Total comprehensive income attributable to unitholders	**-**	**-**	**35,219,290**	**35,219,290**
	433,282,172	**370,448,605**	**103,307,421**	**473,756,026**
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	**-**	**-**	**(13,522,722)**	**(13,522,722)**
Units issued	**15,382,336**	**16,856,270**	**-**	**16,856,270**
Units redeemed	**-**	**-**	**-**	**-**
Balance at 31 December 2022	**448,664,508**	**387,304,875**	**89,784,699**	**477,089,574**

Consolidated Group	No. of units on issue	Issued capital $	Undistributed income $	Total $
Balance at 1 July 2021	353,668,719	310,040,656	15,375,856	325,416,512
Total comprehensive income attributable to unitholders	-	-	36,583,315	36,583,315
	353,668,719	310,040,656	51,959,171	361,999,827
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	-	(11,380,800)	(11,380,800)
Units issued	46,543,926	46,452,546	-	46,452,546
Units redeemed	-	-	-	-
Balance at 31 December 2021	400,212,645	356,493,202	40,578,371	397,071,573

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

Clarence Property Diversified Fund	No. of units on issue	Issued capital $	Undistributed income $	Total $
Balance at 1 July 2022	**433,282,172**	**370,448,605**	**56,985,885**	**427,434,490**
Total comprehensive income attributable to unitholders	**-**	**-**	**27,573,746**	**27,573,746**
	433,282,172	**370,448,605**	**84,559,631**	**455,008,236**
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	**-**	**-**	**(13,522,723)**	**(13,522,723)**
Units issued	**15,382,336**	**16,856,270**	**-**	**16,856,270**
Units redeemed	**-**	**-**	**-**	**-**
Balance at 31 December 2022	**448,664,508**	**387,304,875**	**71,036,908**	**458,341,783**

Clarence Property Diversified Fund	No. of units on issue	Issued capital $	Undistributed income $	Total $
Balance at 1 July 2021	353,668,719	310,040,656	23,000,542	333,041,198
Total comprehensive income attributable to unitholders	-	-	21,344,245	21,344,245
	353,668,719	310,040,656	44,344,787	354,385,443
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	-	(11,380,802)	(11,380,802)
Units issued	46,543,926	46,452,546	-	46,452,546
Units redeemed	-	-	-	-
Balance at 31 December 2021	400,212,645	356,493,202	32,963,985	389,457,187

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

	Note	Consolidated Group		CPDF	
		31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
		$	$	**$**	$
Cash flows from operating activities					
Receipts from operations (including GST)		**17,387,551**	22,071,984	**9,827,713**	13,633,489
Interest received		**112,753**	1,254	**86,044**	1,244
Trust distributions received		**1,657**	1,097,250	**3,389,210**	1,439,270
Proceeds on sale of inventories		**931,818**	10,344,202	**-**	-
Payment for derivative financial instruments		**-**	(189,777)	**-**	(189,777)
Other receipts		**11,834**	-	**-**	-
Payment to suppliers		**(12,481,056)**	(20,427,674)	**(7,463,116)**	(8,163,709)
Payment for inventory		**(40,613,865)**	(73,205,562)	**-**	-
Goods & services tax received (paid)		**1,206,637**	6,851,472	**(281,857)**	(491,114)
Borrowing costs paid		**(4,966,637)**	(2,633,396)	**(3,413,753)**	(1,883,328)
Income taxes received (paid)		**607,755**	(95,722)	**-**	-
Net cash provided by (used in) operating activities	**24**	**(37,801,553)**	(56,185,969)	**2,144,241**	4,346,075
Cash flows from investing activities					
Net loans repaid (advanced)		**-**	-	**(4,254,238)**	(70,569,422)
Proceeds from sale of non-current assets		**85,175,610**	-	**52,536,542**	-
Payment for investment property		**(12,118,509)**	(21,575,000)	**(2,628,400)**	(2,514,584)
Payment for property, plant and equipment		**(145,047)**	(1,181,011)	**-**	-
Payment for (proceeds from) investments in trusts		**-**	-	**-**	(200)
Net cash provided by (used in) investing activities		**72,912,054**	(22,756,011)	**45,653,904**	(73,084,206)
Cash flows from financing activities					
Proceeds from issue of units		**13,902,791**	62,559,565	**13,902,791**	62,559,565
Proceeds from borrowings		**101,061,827**	41,920,832	**62,850,000**	21,920,731
Repayment of borrowings		**(91,890,404)**	(1,920,712)	**(64,600,171)**	(1,920,712)
Distributions paid		**(13,444,530)**	(11,148,082)	**(13,444,528)**	(11,148,085)
Net cash provided by (used in) financing activities		**9,629,684**	91,411,603	**(1,291,908)**	71,411,499
Net increase (decrease) in cash held		**44,740,185**	12,469,623	**46,506,237**	2,673,368
Cash at beginning of financial year		**9,464,513**	42,604,982	**6,220,389**	40,855,620
Cash at the end of the financial period	**6, 24**	**54,204,698**	55,074,605	**52,726,626**	43,528,988

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

1 Summary of significant accounting policies

The Clarence Property Diversified Group ("Group") represents the combination or stapling of Clarence Property Diversified Fund ("CPDF") and Epiq Lennox Property Trust ("ELPT") and the entities they controlled at the end of or during the 6 months ended 31 December 2022 (the "Period"). CPDF and ELPT are both registered managed investment schemes in accordance with the Corporations Act 2001 and are domiciled in Australia.

The constitutions of CPDF and ELPT and the stapling deed between the entities ensure the number of units on issue in both trusts shall be equal and that their unit holders be identical. Clarence Property Corporation Limited as Responsible Entity of both trusts must at all times act in the best interest of the Group. The stapling arrangement will continue until either the winding up of CPDF or ELPT, or either entity terminating the stapling arrangement.

The Group has elected to utilise ASIC Corporations (Stapled Group Reports) Instrument 2015/838 and present the combined financial statements covering the consolidated Clarence Property Diversified Group ("Consolidated Group") and Clarence Property Diversified Fund as an individual entity.

Basis of preparation

The financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and also meet the requirements of AASB 134: Interim Financial Reporting.

Australian Accounting Standards set out accounting policies the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Group's functional and presentational currency.

Economic Outlook

The impact on operations due to economic uncertainties following COVID-19 was relatively minor. The operating results reflect the strength, diversity and resilient nature of the Group's properties and tenants.

While the world is now learning to live with COVID-19, new challenges are presenting themselves which may impact the Group's future operations. Global geo-political instability has caused impacts to supply chains, whilst economies have rebounded faster and sharper than most central banks anticipated following COVID-19. This has led to inflation, which in turn has led to central banks tightening monetary policy. These uncertain economic conditions may, in particular, lead to a period of continuing subdued residential land sales.

It is also possible new risks may emerge as a result of domestic or foreign markets experiencing extreme stress, or existing risks (including impacts of COVID-19) may evolve in ways not currently foreseeable.

1 Summary of significant accounting policies (continued)

Statement of compliance

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Clarence Property Diversified Fund and Epiq Lennox Property Trust as at 31 December 2022 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b) Investment property

Investment property comprises investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income or for capital appreciation or both. Initially, investment property is measured at cost including transaction costs. Subsequent to initial recognition, investment property is then stated at fair value at each balance date with any gain or loss arising from a change in fair value of investment property recognised in the statement of profit or loss and other comprehensive income in the period in which it arises. Fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

1 Summary of significant accounting policies (continued)

b) Investment property (continued)

External independent valuations are commissioned at least once every three years or when the directors are of the opinion there has been a material movement in the market. Internal valuations are also undertaken by suitably experienced and qualified appraisers for those properties not externally valued at each balance date.

The reported fair value of investment property reflects market conditions at the end of the reporting period. While this represents the best estimate as at the reporting date, actual sale prices achieved may be higher or lower than the most recent valuation. This is particularly relevant in periods of market illiquidity or uncertainty.

Land & Buildings (including integral plant and equipment) which comprise the investment property are not depreciated. The carrying amount of investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

Transfers are made from investment property to inventories when, and only when, there is a change in use as evidenced by commencement of development with a view to sale. When an investment property is disposed of without development, it continues to be treated as an investment property until it is derecognised.

Investment property is derecognised when disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on derecognition of an investment property is recognised in the statement of profit or loss and other comprehensive income in the period of derecognition.

Investment property also includes property under construction for future use as investment property. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

c) Operating leases - investment property

The minimum rental revenue of operating leases with fixed rental increases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, is recognised on a straight-line basis.

Revenue from other leases is recognised in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

Lease incentives under operating leases may take the form of cash, rent-free periods, contributions to certain lessee costs, relocation costs and lessee or lessor owned fit-outs and improvements. These incentives are capitalised as part of the carrying value of the investment property and amortised on a straight-line basis over the term of the lease as a reduction of rental income. The carrying amount of the lease incentives is reflected in the fair value of investment property.

In addition to revenue generated directly from leases, which are accounted for in accordance with AASB 117 Leases, rent from investment properties includes non-lease revenue earned from tenants, predominantly in relation to recovery of asset operating costs (known as ‘outgoings’). This outgoings revenue is within the scope of AASB 15 and therefore recognised and measured under that standard.

1 Summary of significant accounting policies (continued)

d) Inventories

Where a property or asset is acquired for the purpose of undergoing redevelopment and subsequent resale or is in the process of production for such sale, it is treated as inventories. Inventories is stated at the lower of cost and net realisable value. Cost includes acquisition, development and holding costs such as borrowing costs, rates and taxes. Holding costs incurred after the completion of the development are expensed. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Transfers are made from inventories to investment property when, and only when, there is a change in use evidenced by commencement of an operating lease to another party. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss and other comprehensive income in the period in which the transfer takes place.

e) Property, plant and equipment

In-use property, plant and equipment is measured at cost, less accumulated depreciation and impairment. Initial costs includes directly attributable acquisition expenditure. Subsequent costs are capitalised if it is probable they will result in a flow of future economic benefits and they can be reliably measured. Other costs are expensed as incurred.

In use property, plant and equipment depreciation is calculated on a straight-line basis over the estimated useful life of the relevant asset. Solar energy generation systems are depreciated over 20 years.

Assets under construction represent initial costs relating to the purchase and installation of solar energy generation systems. Assets under construction are transferred to in-use property, plant and equipment once the asset is ready for commercial use and are not depreciated until transfer.

Government grants received for assets under construction including small-scale technology certificates (STCs) are recognised to offset the carrying value of the asset and depreciated over the useful life of the asset upon commercial operation.

f) AASB 9 Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial assets and financial liabilities are initially measured at fair value. On initial recognition, financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognised net of transaction costs directly attributable to the acquisition of these financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss and other comprehensive income.

Given recent market volatility (including as a result of COVID-19), the Group reviewed the appropriateness of the inputs to its valuations of financial instruments including receivables, payables and derivative instruments. The impact of changes of inputs to the valuations has also been considered in terms of the classification of exposures in the fair value hierarchy and transfers within the fair value hierarchy.

1 Summary of significant accounting policies (continued)

f) AASB 9 Financial Instruments (continued)

i) Financial assets

Classification and subsequent recognition and measurement

Subsequent to initial recognition the Group classifies its financial assets in the following measurement categories:
- Those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

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

The Group does not carry financial assets classified as 'fair value through other comprehensive income', and currently does not apply hedge accounting.

Financial assets recognised at amortised cost

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss and other comprehensive income.

Financial assets recognised at fair value through profit or loss

Assets which do not meet the criteria for amortised cost or recognition at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income and presented net within other gains / (losses) in the period in which it arises.

Equity investments recognised at fair value through profit or loss

Subsequent to initial recognition, the Group continues to measure all equity investments at fair value. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (e.g. for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis and pricing models to reflect the issuer's specific circumstances.

Impairment

For trade and lease receivables, the Group applies the simplified approach permitted by AASB 9, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

The Group impairs a financial asset when there is information indicating the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

1 Summary of significant accounting policies (continued)

f) AASB 9 Financial Instruments (continued)

ii) Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract evidencing a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the Group are recognised at the value of the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate which exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss and other comprehensive income.

g) Derivative financial instruments

The Group is exposed to changes in interest rates and enters into interest rate agreements to convert certain variable interest rate borrowings to fixed interest rates.

The agreements are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While the Manager has determined these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by Australian Accounting Standards and therefore do not qualify for hedge accounting.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Gains or losses arising from changes in fair value are recognised immediately in the statement of profit or loss and other comprehensive income. Fair value at reporting date is calculated to be the present value of the estimated future cash flows of these instruments. The two key variables used in the valuation are the forward price curve and discount rates. Each instrument is discounted at the market interest rate appropriate to the instrument.

Derivative financial instruments are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

1 Summary of significant accounting policies (continued)

h) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication an asset may be impaired. The assessment includes considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset (being the higher of the asset's fair value less costs to sell or value in use) to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Economic uncertanties (including COVID-19) has had an adverse impact within Australia and globally, however it is not possible to accurately determine the future nature, extent or duration of the impact on the Group, material or otherwise, at the date of signing the financial statements. The directors of the Group have considered the potential impacts and do not believe, based on the information currently available, it has had a significant impact in the assessment of impairment at balance date.

i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

k) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend & trust distribution revenue is recognised when the right to receive a dividend or trust distribution has been established.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment (refer to note 1c).

Revenue from inventory sales is recognised in the statement of profit or loss and other comprehensive income upon settlement and after all contractual duties are completed, inaccordance with AASB 15.

l) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1 Summary of significant accounting policies (continued)

m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs, except loan establishment costs, are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Loan establishment costs are capitalised and amortised over the term of the facility to which they relate, or five years, whichever is shorter.

n) Taxation

i) Income Tax

Under current Australian income tax legislation, CPDF is not liable to income tax provided its taxable income (including any realised capital gains) is fully distributed to unitholders each year. CPDF fully distributes its taxable income to unitholders.

Under current Australian income tax legislation, ELPT is liable to income tax as it is classified as a Public Trading Trust.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent it is no longer probable future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent it is probable there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

1 Summary of significant accounting policies (continued)

n) Taxation (continued)

ii) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred on a purchase of goods and services is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Tax Office, is classified as operating cash flows.

o) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

p) Critical accounting estimates and judgements

The Responsible Entity evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group which may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

Key judgements

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies which have the most significant effect on the amount recognised in the financial statements is described in the following notes:

Note 9 - Inventory.
Note 11 - Property, plant & equipment.
Note 13 - Investment property.
Note 19 - Derivative financial instruments.

Economic uncertainty

Judgement has been exercised in considering the impacts economic uncertainty (including COVID-19) has had, or may have, on the Group based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently. The board continues to actively monitor the situation.

	Consolidated Group		CPDF	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
2 Revenue and other income	**$**	$	**$**	$
Other income comprises:				
Trust distributions	**1,657**	1,097,250	**3,389,210**	1,439,270
Other revenue	**11,834**	-	**-**	-
	13,491	1,097,250	**3,389,210**	1,439,270

3 Profit

Net profit before income tax has been determined after:

Financing costs				
Interest expense	**4,789,828**	2,301,384	**3,296,209**	1,551,316
Borrowing costs	**281,953**	226,123	**222,688**	226,123
	5,071,781	2,527,507	**3,518,897**	1,777,439

4 Auditors' remuneration

Detail of remuneration of auditor is set out below:				
Auditing or reviewing the financial statements	**71,010**	62,700	**60,500**	55,880
	71,010	62,700	**60,500**	55,880

5 Income tax expense/(benefit)

Income tax expense/(benefit)				
Current tax	**79,359**	1,138,331	**-**	-
Derecognition of previous deferred taxes	**-**	-	**-**	-
Deferred tax expense/(income)	**(450,276)**	(162,319)	**-**	-
Tax rate differential	**-**	-	**-**	-
Total income tax expense/(benefit)	**(370,917)**	976,012	**-**	-

Numerical reconciliation of income tax expense and tax at the statutory rate				
Net profit before income tax	**34,848,373**	37,559,327	**27,573,746**	21,344,245
Tax at the statutory tax rate of 25.0% (2021: 25.0%)	**8,712,093**	9,389,832	**6,893,437**	5,336,061
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Movement in market values	**(3,414,428)**	(6,049,932)	**(1,345,396)**	(3,953,320)
Tax rate differential	**(5,668,582)**	(2,363,888)	**(5,548,041)**	(1,382,741)
Sundry items	**-**	-	**-**	-
Income tax expense/(benefit)	**(370,917)**	976,012	**-**	-

	Consolidated Group		CPDF	
	31 December 2022	30 June 2022	**31 December 2022**	30 June 2022
6 Cash and cash equivalents	**$**	$	**$**	$
Security deposits	**3,700**	3,700	**3,700**	3,700
Cash held in trust	**1,225,591**	2,862,473	**920,591**	1,079,691
Cash at bank	**52,975,407**	6,598,340	**51,802,335**	5,136,998
	54,204,698	9,464,513	**52,726,626**	6,220,389

7 Trade and other receivables

Current				
Trade and other debtors	**834,245**	1,220,689	**455,775**	665,655
Less provision for doubtful debts	**(112,013)**	-	**-**	-
GST receivable	**614,642**	594,833	**150,106**	75,935
Sundry Debtors (i)	**10,000,000**	-	**10,000,000**	-
Total current	**11,336,874**	1,815,522	**10,605,881**	741,590
Non-current				
Loan to subsidiaries (ii)	**-**	-	**278,627,809**	274,373,571
Total non-current	**-**	-	**278,627,809**	274,373,571
Total trade and other receivables	**11,336,874**	1,815,522	**289,233,690**	275,115,161

(i) As part of the sale of Zone Underwood this amount was withheld by the purchaser and will be released pending achievement of specific milestones during the reinstatment of the building impacted by the fire.

(ii) Refer Note 26(e)(ii) for further information on loans to subsidiaries.

The movement in provision for doubtful debts during the period was as follows:

Opening balance	**-**	-	**-**	-
Provision for doubtful receivables	**112,013**	1,411	**-**	-
Receivables written off during the year	**-**	(1,411)	**-**	-
Reversals of amounts provided	**-**	-	**-**	-
Closing balance	**112,013**	-	**-**	-

8 Financial assets

Non-current				
Financial assets at fair value through profit or loss				
Units in subsidiaries	**-**	-	**10,163,620**	10,163,620
	-	-	**10,163,620**	10,163,620

	Consolidated Group		CPDF	
	31 December 2022	30 June 2022	**31 December 2022**	30 June 2022
9 Inventory	**$**	$	**$**	$
Current				
Land held for resale - at cost	**1,365,539**	276,621	**-**	-
Land under development - at cost	**30,244,426**	6,541,299	**-**	-
	31,609,965	6,817,920	**-**	-
Non-Current				
Land under development - at cost	**141,221,155**	126,367,993	**629,014**	629,014
	141,221,155	126,367,993	**629,014**	629,014
Total inventory	**172,831,120**	133,185,913	**629,014**	629,014

The total carrying amount of inventory pledged as security for liabilities is $125,388,146 (June 2022: $113,892,614).

10 Deferred tax assets

Deferred tax assets comprises temporary differences attributable to:

Capitalised costs	**5,379**	6,454	**-**	-
Government grants	**181,295**	173,514	**-**	-
Inventory	**590,053**	600,252	**-**	-
Tax losses	**1,198,503**	728,491	**-**	-
Total deferred tax assets	**1,975,230**	1,508,711	**-**	-

11 Property, plant & equipment

This section comprises in use property, plant and equipment and assets under construction.

In use property, plant & equipment				
Opening balance	**1,739,693**	119,790	**-**	-
Additions	**114,252**	1,907,042	**-**	-
Government grants received/accrued	**(37,882)**	(639,423)	**-**	-
Depreciation expense	**(45,852)**	(68,131)	**-**	-
Transfer to in use property, plant and equipment	**16,365**	420,415	**-**	-
Closing balance	**1,786,576**	1,739,693	**-**	**-**
Assets under construction				
Opening balance	**73,539**	420,415	**-**	-
Additions	**68,677**	73,539	**-**	-
Government grants received/accrued	**-**	-	**-**	-
Impairment losses recognised/reversed	**-**	-	**-**	-
Transfer to in use property, plant and equipment	**(16,365)**	(420,415)	**-**	-
Closing balance	**125,851**	73,539	**-**	**-**
Total				
Opening balance	**1,813,232**	540,205	**-**	-
Additions	**182,929**	1,980,581	**-**	-
Government grants received/accrued	**(37,882)**	(639,423)	**-**	-
Depreciation expense	**(45,852)**	(68,131)	**-**	-
Closing balance	**1,912,427**	1,813,232	**-**	-

	Consolidated Group		CPDF	
	31 December 2022	30 June 2022	**31 December 2022**	30 June 2022
11 Property, plant & equipment (continued)	**$**	$	**$**	$
Cost				
Cost (net of government grants)	**2,027,926**	1,881,363	**-**	-
Accumulated depreciation	**(115,499)**	(68,131)	**-**	-
Net book value	**1,912,427**	1,813,232	**-**	-

The in-use property, plant and equipment consists of 14 solar energy generation systems in Queensland and New South Wales with nameplate capacity of 2.2 MW. Assets under construction includes capitalised initial costs in relation to future potential solar generation projects.

12 Other assets

Current				
Prepayments	**1,902,621**	1,264,761	**1,023,116**	720,492
Other assets	**992,947**	1,124,404	**442,603**	118,301
	2,895,568	2,389,165	**1,465,719**	838,793
Non-current				
Prepayments	**248,622**	374,006	**248,622**	374,006
	248,622	374,006	**248,622**	374,006
Total other assets	**3,144,190**	2,763,171	**1,714,341**	1,212,799

	Consolidated Group		CPDF	
	31 December 2022	30 June 2022	**31 December 2022**	30 June 2022
13 Investment property	**$**	$	**$**	$
Investment property (at fair value)				
Commercial office				
100 Blundell Boulevard, Tweed Heads	**10,000,000**	10,000,000	**10,000,000**	10,000,000
29 Molesworth Street, Lismore	**20,200,000**	20,200,000	**20,200,000**	20,200,000
The Rocket, Robina	**83,900,000**	83,900,000	**83,900,000**	83,900,000
183 Varsity Parade, Varsity Lakes	**12,750,000**	12,250,000	**12,750,000**	12,250,000
201 Leichhardt Street, Spring Hill	**14,800,000**	14,800,000	**14,800,000**	14,800,000
9 Hercules Street, Hamilton	**12,000,000**	10,200,000	**12,000,000**	10,200,000
188 Macquarie Street, Dubbo	**11,300,000**	10,700,000	**-**	-
65 Park Road, Milton	**5,950,000**	5,950,000	**-**	-
The Base, 197 Robina Town Centre Drive, Robina (i)	**5,264,560**	5,126,352	**-**	-
27-29 Grant Street, Port Macquarie	**15,700,000**	16,000,000	**15,700,000**	16,000,000
Retail & Large Format Retail				
Yamba Fair	**41,600,000**	41,600,000	**41,600,000**	41,600,000
Yamba residential property (ii)	**475,000**	475,000	**475,000**	475,000
Byron Bay Fair	**15,500,000**	14,000,000	**15,500,000**	14,000,000
Yamba Fuel Station	**5,650,000**	5,650,000	**5,650,000**	5,650,000
Bell Central, Mudgeeraba	**17,600,000**	16,500,000	**17,600,000**	16,500,000
Zone, Underwood	**-**	36,500,000	**-**	36,500,000
Epiq Marketplace, Lennox Head	**39,080,000**	39,080,000	**39,080,000**	39,080,000
Logan Village Marketplace	**17,250,000**	17,250,000	**-**	-
Ormeau Marketplace	**-**	31,500,000	**-**	-
Northshore Marketplace, Townsville	**23,250,000**	23,250,000	**-**	-
Childcare & Medical				
Tamar Village, Ballina	**8,800,000**	8,800,000	**8,800,000**	8,800,000
Epiq Childcare, Lennox Head	**3,925,000**	3,925,000	**3,925,000**	3,925,000
East Tamworth Medical Centre	**15,600,000**	14,500,000	**15,600,000**	14,500,000
Milton Childcare	**9,450,000**	8,435,000	**-**	-
Bahrs Scrub Childcare	**6,800,000**	5,600,000	**-**	-
Ripley Childcare (iii)	**4,306,688**	2,452,860	**-**	-
Salisbury Childcare (iii)	**3,467,770**	2,395,196	**-**	-
Rochedale South Childcare (iii)	**1,720,813**	1,681,276	**-**	-
Delahey Childcare (iii)	**2,479,225**	1,936,688	**-**	-
Rangeville Childcare (iii)	**1,729,994**	-	**-**	-
Logistics/Distribution/Industrial/Other				
45 Alexandra Place, Murarrie	**14,900,000**	14,900,000	**14,900,000**	14,900,000
48 Bell-Are Avenue, Northgate	**12,400,000**	11,600,000	**12,400,000**	11,600,000
42 Mcroyle Street, Wacol	**10,000,000**	7,850,000	**-**	-
146 Canberra Street, Hemmant	**8,400,000**	8,400,000	**-**	-
81 Stradbroke Street, Heathwood	**9,400,000**	7,400,000	**-**	-
31 Paringa Rd, Murarrie	**20,200,000**	18,200,000	**-**	-
185 Queensport Road, Murarrie	**10,350,000**	10,350,000	**-**	-
18 Macgregor Place, Richlands (iii)	**13,283,266**	9,751,319	**-**	-
96 Tile Street, Wacol	**7,300,000**	7,300,000	**-**	-
Arndilly, 662 Tullymorgan Road, Lawrence	**6,000,000**	6,000,000	**-**	-
	522,782,316	566,408,691	**344,880,000**	374,880,000

(i) This property is vacant land and held for future development.
(ii) This property adjoins Yamba Fair and is held for future development of the centre.
(iii) These properties are currently under construction for future use as investment property. The amounts quoted include all costs of acquisition and subsequent development to date.

	Consolidated Group		CPDF	
	31 December 2022	30 June 2022	**31 December 2022**	30 June 2022
13 Investment property (continued)	**$**	$	**$**	$
Movement in investment properties				
Opening balance	**566,408,691**	436,313,687	**374,880,000**	289,710,000
Additions at cost				
Acquisition price	**1,294,467**	81,335,147	**9,574**	58,555,956
Transaction costs	**126,358**	7,384,888	**-**	5,338,202
Improvements	**10,006,801**	12,838,578	**2,002,413**	6,185,668
Disposals	**(69,065,043)**	(121,720)	**(37,565,043)**	(121,720)
Net fair value adjustment	**13,469,857**	26,003,167	**5,193,726**	13,264,033
Transfers from inventory	**-**	-	**-**	-
Lease incentives and leasing fees deferred	**690,883**	2,530,245	**616,413**	2,217,193
Amortisation of lease incentives and leasing fees	**(513,007)**	(796,304)	**(470,546)**	(744,751)
Movement in straight-lining rental income asset	**363,309**	921,003	**213,463**	475,419
Closing balance	**522,782,316**	566,408,691	**344,880,000**	374,880,000

Future minimum lease receivables

Future minimum lease payments receivable from non-cancellable operating leases:				
Within one year	**28,929,367**	32,043,744	**20,611,409**	21,722,187
Later than one year but not later than five years	**73,141,270**	87,089,863	**52,511,238**	60,430,440
Later than five years	**52,435,176**	70,737,910	**27,126,839**	32,326,349
	154,505,813	189,871,517	**100,249,486**	114,478,976

The Group, as lessor, typically enters into operating leases with tenants for periods of 3 years to 10 years with option periods. The lease agreements provide for either rental increases as specified in the agreement or CPI increases.

Fair value measurement, valuation techniques and inputs

Given the uncertain economic conditions (including as a result of the COVID-19 pandemic), there is uncertainty surrounding the potential impact on future cash flows and on the valuation of investment property. Key assumptions have been made in the context of uncertainty regarding the ultimate impact of COVID-19, social and geo-political events, deteriorating investment market conditions and the increasing cost of debt.

The adopted valuations (both Director and independent) for investment properties are a combination of the valuations determined using the Discounted Cash Flow method and the Income Capitalisation method supported by recent market sales evidence.

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

The most significant unobservable input used in the above valuation techniques and its relationship with fair value measurement is the capitalisation rate. A 0.25% change in the capitalisation rate would have the affect of changing investment property valuations by $19,495,000.

13 Investment property (continued)

Term and definition	Input Range	Fair Value Sensitivity: Increase in input	Fair Value Sensitivity: Decrease in input
Capitalisation rate The rate at which net market income is capitalised to determine the value of a property. The rate is determined having regard to market evidence and the prior external valuation.	4.50% - 9.50%	Decrease	Increase
Discount rate The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined having regard to market evidence and the prior external valuation.	5.50% - 9.75%	Decrease	Increase
Net market rent The estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent lease agreement, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).	$20/m² - $1,468/m²	Increase	Decrease
Weighted average lease expiry ("WALE") WALE is used to measure the overall tenancy risk of a particular property to assess the likelihood of a property being vacated. WALE of a property is measured across all tenants' remaining lease terms (in years) and is weighted with the tenants' income against total combined income.	0.2yrs - 20.6yrs	Increase	Decrease
Occupancy Occupancy is used to measure the proportion of the lettable space of a property which is occupied by tenants under current lease contracts and therefore how much rent is received from the property as a percentage of total rent possible if the property was fully occupied.	45% - 100%	Increase	Decrease

All the significant inputs noted above are not observable market data, hence investment property valuations are considered Level 3 fair value measurements as detailed in note 27(f).

14 Trade and other payables

	Consolidated Group		CPDF	
	31 December 2022 $	30 June 2022 $	**31 December 2022 $**	30 June 2022 $
Current				
Other creditors	**6,840,585**	3,931,410	**3,324,821**	1,463,187
Distributions to unitholders	**2,280,697**	2,202,504	**2,280,697**	2,202,504
GST payable	**-**	-	**-**	-
	9,121,282	6,133,914	**5,605,518**	3,665,691
Included in the above are amounts due to related parties:				
Other creditors at an arm's length basis	**849,558**	-	**849,558**	-
	849,558	-	**849,558**	-

15 Income tax

	Consolidated Group		CPDF	
	31 December 2022 $	30 June 2022 $	**31 December 2022 $**	30 June 2022 $
Current				
Provision for income tax	**68,890**	20,609	**-**	-
	68,890	20,609	**-**	-

16 Other liabilities

	Consolidated Group		CPDF	
	31 December 2022 $	30 June 2022 $	**31 December 2022 $**	30 June 2022 $
Current				
Rent received in advance	**2,761,941**	2,958,099	**1,942,159**	1,907,332
Units to be issued	**1,610,516**	4,563,994	**1,610,516**	4,563,994
Provision for rental guarantees	**563,424**	-	**563,424**	-
Other liabilities	**3,148,059**	561,871	**3,033,396**	460,950
	8,083,940	8,083,964	**7,149,495**	6,932,276
The movement in provision for rental guarantees during the period was as follows:				
Opening balance	**-**	-	**-**	-
Increase in provision for rental guarantees	**583,991**	-	**583,991**	-
Rental guarantees paid during the period	**(20,567)**	-	**(20,567)**	-
Reversals of amounts provided	**-**	-	**-**	-
Closing balance	**563,424**	-	**563,424**	-

As part of the sale of the Group's Zone Underwood property in December 2022, the Group provided a rental guarantee to the purchaser for the period of reinstatement up to a maximum of 12 months covering the building impacted by the fire. Additionally it provided a 1 year rental guarantee over the vacant shop within the property at the time of sale.

17 Deferred tax liabilities

Deferred tax liabilities comprises temporary differences attributable to:

	Consolidated Group		CPDF	
	31 December 2022 $	30 June 2022 $	**31 December 2022 $**	30 June 2022 $
Inventory	**-**	-	**-**	-
Plant and equipment	**650,979**	635,094	**-**	-
Total deferred tax liabilities	**650,979**	635,094	**-**	-

	Consolidated Group		CPDF	
	31 December 2022	30 June 2022	**31 December 2022**	30 June 2022
18 Financial liabilities	**$**	$	**$**	$
Current				
Loans - financial institutions	**-**	-	**-**	-
	-	-	**-**	-
Non-current				
Loans - financial institutions	**282,601,195**	273,429,772	**237,679,500**	239,429,671
	282,601,195	273,429,772	**237,679,500**	239,429,671
	282,601,195	273,429,772	**237,679,500**	239,429,671

Details of the Group's financial liabilities at balance date are as follows:

Facility	**Maturity Date**	**Facility 31 December 2022 $**	**Utilised 31 December 2022 $**	Facility 30 June 2022 $	Utilised 30 June 2022 $
Secured loan facility (i)	**Sep-25**	**19,800,000**	**19,800,000**	19,800,000	19,800,000
Secured loan facility (i)	**May-24**	**32,945,000**	**14,143,932**	32,945,000	14,000,000
Secured loan facility (i)	**Aug-24**	**2,255,000**	**2,255,000**	2,255,000	2,255,000
Secured loan facility (i)	**Aug-24**	**45,000,000**	**30,777,763**	45,000,000	20,000,101
Secured loan facility (i)	**May-25**	**8,000,000**	**8,000,000**	24,750,000	24,750,000
Secured bilateral loan facilities (ii)	**Sep-25**	**26,922,500**	**26,922,500**	26,922,500	26,922,500
Secured bilateral loan facilities (ii)	**May-24**	**14,850,000**	**14,850,000**	14,850,000	14,850,000
Secured bilateral loan facilities (ii)	**Aug-24**	**50,000,000**	**35,000,000**	50,000,000	20,000,000
Secured bilateral loan facilities (ii)	**Sep-24**	**46,602,000**	**36,602,000**	46,602,000	36,602,171
Secured bilateral loan facilities (ii)	**Jan-25**	**47,850,000**	**47,850,000**	47,850,000	47,850,000
Secured bilateral loan facilities (ii)	**Sep-25**	**46,400,000**	**46,400,000**	46,400,000	46,400,000
Total facilities		**340,624,500**	**282,601,195**	357,374,500	273,429,772

The Group had $58,023,305 (June 2022: $83,944,728) in unused finance facilities at balance date.

(i) The secured loan facilities are secured by a first registered mortgage over, and a General Security Agreement limited to, a specific property or group of properties.

(ii) Secured bilateral loan facilities are held with multiple providers. All providers are contracted under a Common Terms Deed and are secured pari passu by first registered mortgages over a specific pool of investment properties held by the Group. All principal amounts outstanding are due at the expiry of each facility. Each provider individually contracts its commitment amount, expiry date (see table above for more detail) and fee structure. The Group is able to repay and refinance individual providers.

	Consolidated Group		CPDF	
	31 December 2022	30 June 2022	**31 December 2022**	30 June 2022
19 Derivative financial instruments	**$**	$	**$**	$
Assets				
Non-current				
Interest rate contracts – at fair value	**9,429,005**	9,241,145	**9,429,005**	9,241,145
	9,429,005	9,241,145	**9,429,005**	9,241,145
Liabilities				
Non-current				
Interest rate contracts – at fair value	**-**	-	**-**	-
	-	-	**-**	-

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates.

Information regarding the Group's exposure to interest rates is provided in note 27(d). Details of principal amounts, expiry dates and interest ranges of interest rate derivative (hedging) contracts are set out in note 27(d).

Fair value measurement

The fair value of interest rate swaps is the estimated amount which would be received or paid to transfer the interest rate contract at the reporting date, taking into account current interest rates and the current creditworthiness of contract counterparties.

The fair values of derivative financial instruments are determined using generally accepted pricing models which discount estimated future cash flows based on the terms and maturity of each contract and current market interest rates and/or foreign currency rates, adjusted for specific features of the instruments.

Derivative financial instrument valuations are considered Level 2 fair value measurements as detailed in note 27(f).

20 Franking credits

Franking credits available for subsequent years based on a tax rate of 25%	**577,952**	546,873	**-**	-
	577,952	546,873	**-**	-

The above amounts represent the balance of the franking account as at the end of the Period, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date.

21 Segment reporting

The Group operates as one segment and in one geographical location as a property investor throughout Australia.

22 Commitments for capital expenditure

As at 31 December 2022 the Group had the following commitments contracted for which costs have not been recognised as liabilities:

Development costs on inventories	**13,048,284**	3,097,047	**-**	-
Capital Expenditure on investment property	**-**	1,667,786	**-**	1,667,786
Development costs for future investment property	**31,683,555**	19,992,432	**-**	-
Acquisition of 54 & 56 Clegg Road Mount Evelyn	**1,755,000**	-	**-**	-
Acquisition of 290 North Boambee Road	**-**	9,450,000	**-**	-
Acquisition of 36 Bark Hut Rd Woolgoolga	**5,050,000**	-	**-**	-
	51,536,839	34,207,265	**-**	1,667,786

All the above amounts are payable within 12 months.

23 Contingencies

The Group has given bank guarantees as at 31 December 2022 of $10,000 (June 2022: Nil) to Essential Energy in respect to works at its Yamba Quays development.

Additionally as part of the sale of the Group's Zone Underwood property in December 2022, the Group provided a rental guarantee to the purchaser covering the period of reinstatement up to a maximum of 12 months for the building impacted by the fire. Amounts have been included in the financial statements for the expected rent guarantee period which is shorter than the maximum 12 month period. Should the rebuilding works take longer than expected the amount provisioned may not be sufficient.

Further, as part of the sale, the Group has entered into a development deed to reinstate the building impacted by fire. Although the Group's insurers have accepted the Group's claim and will cover the cost of the rebuild, there is a possibility of future variations to the works which the insurer will not fund and the Group will have to fund itself.

24 Notes to the statement of cash flows

	Consolidated Group		CPDF	
a) Cash and cash equivalents	**31 December 2022**	31 December 2021	**31 December 2022**	31 December 2021
	$	$	**$**	$
Cash at the end of the Period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:				
Security deposits	**3,700**	3,700	**3,700**	3,700
Cash held in trust	**1,225,591**	6,298,398	**920,591**	3,523,398
Cash at bank	**52,975,407**	48,772,507	**51,802,335**	40,001,890
	54,204,698	55,074,605	**52,726,626**	43,528,988

b) Reconciliation of net profit to net cash flows from operating activities

Total comprehensive profit attributable to unitholders	**35,219,290**	36,583,315	**27,573,746**	21,344,245
Non-cash items:				
Profit (loss) on sale of non-current assets	**(15,547,142)**	-	**(14,408,077)**	-
Fair value adjustments to investment properties	**(13,469,857)**	(23,237,310)	**(5,193,726)**	(14,850,859)
Fair value adjustments to financial assets	**-**	983,190	**-**	983,190
Transfers to investment property from inventory	**-**	-	**-**	-
Straightlining of rental income	**(363,309)**	(544,996)	**(213,463)**	(271,044)
Amortisation of lease incentives and leasing fees	**513,007**	367,957	**470,546**	346,487
Depreciation	**45,852**	23,654	**-**	-
Changes in assets and liabilities:				
Decrease (increase) in current receivables	**(9,501,543)**	(298,819)	**(9,790,120)**	(96,569)
Decrease (increase) in inventories	**(39,645,207)**	(68,207,321)	**-**	-
Decrease (increase) in tax assets	**172,672**	(524,108)	**-**	-
Decrease (increase) in other assets	**(381,019)**	(1,356,291)	**(501,542)**	(809,357)
Increase (decrease) in sundry creditors	**2,909,175**	(349,669)	**1,861,634**	(290,941)
Increase (decrease) in other liabilities	**2,586,189**	(40,396)	**2,572,447**	(26,895)
Increase (decrease) in GST payable	**(19,809)**	906,878	**(74,171)**	(93,424)
Increase (decrease) in provision for income tax	**48,281**	925,504	**-**	-
Increase (decrease) in deferred tax liabilities	**15,885**	478,894	**-**	-
Increase (decrease) in income in advance	**(196,158)**	238,938	**34,827**	246,631
Increase (decrease) in derivative financial instruments	**(187,860)**	(2,135,389)	**(187,860)**	(2,135,389)
Net cash provided by (used in) operating activities	**(37,801,553)**	(56,185,969)	**2,144,241**	4,346,075

25 Events subsequent to reporting date

Since the Period end, economic uncertainty has continued to evolve with potential impacts on specific areas of judgement applied in preparing these financial statements. The Group has continued to re-evaluate the potential impacts on significant inputs and key areas of judgement as outlined in Note 1. Based on these evaluations, the Group has determined there are no material events since Period end which would give rise to an adjustment.

On 1 January 2023 units totalling 1,119,093 were issued in relation to funds received during December 2022 pursuant to the PDS, and is shown as a current liability in the financial statements.

In November 2022 the Group entered into a contract to acquire a 3.7ha residential subdivision site at 36 Bark Hut Road, Woolgoolga NSW, adjacent to the Group's existing Bark Hut Road development. Settlement of the land took place in January 2023 for $5,050,000 (of which $2,000,000 is deferred for 4 years) and was funded from cash reserves.

On 14 December 2022 the Group entered into a contract to acquire two parcels of land at 54 and 56 Clegg Road, Mount Evelyn VIC for $1,755,000 upon which it Is proposed to build a childcare centre. Settlement took place on 23 January 2023 and was funded from cash reserves.

No matter or circumstance, other than as mentioned above, has arisen since the end of the Period which has significantly affected or may significantly affect:

i) the operations of the Group;
ii) the results of those operations; or
iii) the state of affairs of the Group in subsequent financial years.

26 Related party disclosures

a) Responsible Entity

Both CPDF and ELPT are required to have an incorporated responsible entity to manage their activities. The Responsible Entity of both trusts is Clarence Property Corporation Limited.

b) Key management personnel

The following were key management personnel of the Responsible Entity from 1 July 2022 to 31 December 2022, unless otherwise stated.

Key management person	Position
James Dougherty	Chairman – Non-Executive
Peter Fahey	Managing Director - Executive
Darrell Irwin	Director – Executive
Tony Tippett	Director – Non-Executive
Andrew Carlton	Director – Non-Executive

c) Key management personnel compensation

No direct compensation is paid to any of the key management personnel or employees of the Responsible Entity by the Group.

d) Unit holdings:

The Responsible Entity and its key management personnel held units in the Group as follows:

	Balance 1/07/2021	Net Purchases / (Sales)	**Balance 30/06/2022**	**Net Purchases / (Sales)**	**Balance 31/12/2022**
James Dougherty:					
JW & CP Dougherty Super Fund	751,781	200,000	**951,781**	**-**	**951,781**
Peter Fahey:					
P & D Fahey Super Fund	902,888	155,578	**1,058,466**	**279,662**	**1,338,128**
P and D Fahey Family Trust 2	-	528,003	**528,003**	**15,157**	**543,160**
Darrell Irwin:					
Irwin Family Discretionary Trust	683,787	300,833	**984,620**	**28,264**	**1,012,884**
D & K Irwin Superfund	-	361,975	**361,975**	**56,033**	**418,008**
Tony Tippett:					
Tippett Superannuation Fund	2,191,905	-	**2,191,905**	**-**	**2,191,905**
Down To The Wire Pty Ltd	1,075,268	1,000,000	**2,075,268**	**-**	**2,075,268**
Andrew Carlton:					
Andrew & Natalie Carlton	120,979	2,564	**123,543**	**1,767**	**125,310**
Total	5,726,608	2,548,953	**8,275,561**	**380,883**	**8,656,444**

	Consolidated Group		CPDF	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
26 Related party disclosures (continued)	**$**	$	**$**	$

e) Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:

(i) Paid/payable to:

	Consolidated Group 31 December 2022 $	Consolidated Group 31 December 2021 $	CPDF 31 December 2022 $	CPDF 31 December 2021 $
The Responsible Entity				
Paid/payable to the Responsible Entity:				
Fund management fees	**2,896,384**	2,036,677	**2,237,924**	1,710,438
Acquisition fees	**832,725**	2,362,407	**-**	-
Disposal fees	**1,520,000**	127,000	**840,000**	-
Development & project management fees	**956,166**	130,810	**-**	-
Property management fees	**1,800**	-	**-**	-
Accountancy fees	**44,258**	6,000	**-**	-
Development sales fees	**10,250**	112,900	**-**	-
Property development performance fees	**-**	-	**-**	-
Debt management fees	**39,079**	-	**-**	-
Reimbursable expenses	**13,872**	20,947	**13,861**	4,674
	6,314,534	4,796,740	**3,091,785**	1,715,112
Received/receivable from the Responsible Entity:				
Rental of business premises	**49,357**	39,910	**49,357**	39,910
	49,357	39,910	**49,357**	39,910
Clarence Property Works Pty Ltd				
Property management, rent review & leasing fees	**1,827,134**	1,166,534	**1,385,061**	758,440
Robina Quays Unit Trust				
Purchase of units			**-**	-
Distribution	**-**	1,097,250	**-**	1,097,250

(ii) Loans

Loan to Epiq Lennox Property Trust

Clarence Property Diversified Fund has provided a loan facility of $150,000,000 to Epiq Lennox Property Trust to assist with the purchase and development of its 'Epiq Lennox' development project and to on-lend funds to its subsidiaries for development purposes. The balance owing at reporting date was $138,386,429. The facility has a maturity date of 30 June 2027. No interest is charged on the facility.

26 Related party disclosures (continued)

(ii) Loans (continued)

Loans to subsidiaries

Clarence Property Diversified Fund has provided loan facilities to its subsidiaries to assist with the purchase and operation of investment properties which they own. No interest is charged on these facilities. Details of these loans are below:

	Maturity Date	Facility 31 December 2022 $	Utilised 31 December 2022 $	Facility 30 June 2022 $	Utilised 30 June 2022 $
Wacol Industrial Trust	Jun-25	**16,000,000**	**14,694,624**	16,000,000	14,988,191
Logan Village Shopping Centre Trust	Jun-25	**17,500,000**	**16,562,691**	17,500,000	16,790,438
Ormeau Shopping Centre Trust	Jun-25	**31,000,000**	**-**	31,000,000	29,357,273
WPT Sub-Trust 3	Jun-25	**20,000,000**	**15,841,581**	20,000,000	16,045,845
WPT Sub-Trust 4	Jun-25	**27,500,000**	**18,522,908**	27,500,000	18,741,589
North Shore Townsville Property Trust	Jun-25	**20,000,000**	**14,822,310**	20,000,000	14,989,239
Macquarie Commercial Property Trust	Jun-25	**500,000**	**50,234**	500,000	113,895
WPT Sub-Trust 6	Jun-25	**22,500,000**	**20,679,066**	22,500,000	20,746,564
WPT Sub-Trust 7	Jun-25	**22,500,000**	**19,923,097**	22,500,000	16,603,834
WPT Sub-Trust 8	Jun-25	**17,500,000**	**7,717,847**	17,500,000	4,890,786
WPT Sub-Trust 9	Jun-25	**28,000,000**	**3,499,160**	28,000,000	1,695,698
WPT Sub-Trust 10	Jun-25	**45,000,000**	**5,421,915**	45,000,000	5,754,603
CPDF Sub-Trust 11	Jun-25	**16,000,000**	**2,505,947**	16,000,000	1,944,186
		284,000,000	**140,241,380**	284,000,000	162,662,141

27 Financial instruments

a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk (interest rate risk & equity price risk).

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from tenants and investment in securities.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each purchaser. The Group has a diverse range of tenants and therefore there is no significant concentration of credit risk, either by nature of industry or geographically.

Investment in securities
The Group limits its exposure to credit risk by only investing in liquid securities or securities which have fixed term durations.

ii) Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has liquidity risk management policies, which assist in monitoring cash flow requirements. Typically the Group ensures it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days, including the servicing of financial obligations. Cash on demand is defined as cash held or unutilised borrowing facilities.

The Group also ensures that, as far as practicable, sufficient borrowing facilities are approved for a minimum of 3 years.

iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The Group enters into financial liabilities in order to manage market risks.

Interest rate risk
Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rate. The Group has a guideline that at least 50% of its exposure to changes in interest rates on borrowings is hedged through entering into fixed rate bills or interest rate swaps. Additionally the Group may hold interest rate caps to provide further protection should extreme unforeseen circumstances arise.

Equity securities price risk
Equity securities price risk is the movement in the quoted price of stocks which is influenced by a range of factors, most of which are outside the control of the Group. The Group only invests in securities which are primarily backed by real property assets.

27 Financial instruments (continued)

b) Credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

	Consolidated Group		**CPDF**	
	31 December 2022 $	30 June 2022 $	**31 December 2022 $**	30 June 2022 $
Cash and cash equivalents	**54,204,698**	9,464,513	**52,726,626**	6,220,389
Trade receivables	**10,834,245**	1,220,688	**10,455,775**	665,655
Loan receivables	**-**	-	**278,627,809**	274,373,571
Construction bonds	**526,622**	492,291	**-**	6,271
Financial assets at fair value through profit or loss	**-**	-	**10,163,620**	10,163,620
	65,565,565	11,177,492	**351,973,830**	291,429,506

c) Liquidity risk

The following are the contractual maturities of financial liabilities:

31 December 2022	**Carrying amount $**	**1 year or less $**	**1-3 years $**	**3 -5 years $**	**More than 5 years $**
Non-derivatives					
Secured bank loans	**282,601,195**	**-**	**282,601,195**	**-**	**-**
Trade & other payables	**9,121,282**	**9,121,282**	**-**	**-**	**-**
Other liabilities	**8,083,940**	**8,083,940**	**-**	**-**	**-**
	299,806,417	**17,205,222**	**282,601,195**	**-**	**-**
Derivatives					
Net settled interest rate derivatives	**(9,429,005)**	**(1,932,630)**	**(5,724,352)**	**(1,623,723)**	**(148,300)**
	(9,429,005)	**(1,932,630)**	**(5,724,352)**	**(1,623,723)**	**(148,300)**

The Group entered into interest rate derivative instruments during the period which at balance date had a fair value of $9,429,005, as presented in non-current assets in the Statement of Financial Position. Refer Note 27(d) for further details.

30 June 2022					
Non-derivatives					
Secured bank loans	273,429,772	-	227,029,772	46,400,000	-
Trade & other payables	6,133,914	6,133,914	-	-	-
Other liabilities	8,083,964	8,083,964	-	-	-
	287,647,650	14,217,878	227,029,772	46,400,000	-
Derivatives					
Net settled interest rate swaps	(9,241,145)	(1,194,808)	(4,931,699)	(2,846,001)	(268,637)
	(9,241,145)	(1,194,808)	(4,931,699)	(2,846,001)	(268,637)

27 Financial instruments (continued)

d) Interest rate risk

At reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Weighted average effective interest rate		**Consolidated Group**	
	31 December 2022 %	30 June 2022 %	**31 December 2022 $**	30 June 2022 $
Variable rate financial assets				
Cash at bank	**2.85**	0.60	**52,975,407**	6,598,340
			52,975,407	6,598,340
Variable rate financial liabilities				
Interest bearing liabilities	**5.37**	3.49	**282,601,195**	273,429,772
			282,601,195	273,429,772

In addition the Group holds the following treasury instruments:

Type	BBSY Rate	Amount $	Start Date	Expiry Date
Cap	1.00%	10,000,000	Mar-21	Mar-26
Fixed Rate Swap	0.50%	20,000,000	Jun-21	Mar-26
Cap and Collar	1.00% - 0.05%	30,000,000	Dec-22	Dec-25
Fixed Rate Swap	1.70%	10,000,000	Mar-23	Mar-26
Cap	1.00%	10,000,000	Jun-24	Jun-26
Cap and Collar	1.50% - 0.75%	10,000,000	Dec-23	Jun-27
Cap and Collar	1.50% - 0.75%	10,000,000	Dec-23	Jun-27
Fixed Rate Swap	1.00%	10,000,000	Jun-24	Jun-28

Sensitivity analysis

Interest rate risk represents the effect of a change in interest rates applied to the interest rate risk exposures at reporting date, including the estimated change in the value of derivative financial instruments which are carried at fair value. Cash and floating rate debt at reporting date are multiplied by the reasonably possible change in interest rates to determine the effect on profit for the financial year. The Group's derivative financial instruments whose carrying values are affected by changes in interest rates are interest rate Swaps, Caps and Cap & Collars. In calculating the change in value of interest rate contracts, a change in interest rates at reporting date is assumed to result in a parallel shift in the forward yield curve. A change in interest rates of up to 100 basis points (1%) is considered to be reasonably possible in the current economic environment.

An increase of 100 basis points in interest rates at the reporting date would have decreased net profit before tax by $1,916,686 (June 2022: a decrease of $1,288,483).

27 Financial instruments (continued)

e) Equity securities price risk

The Group has no exposure to equity investments listed on the Australian Securities Exchange.

f) Fair values

The Group uses a number of methods to determine the fair value of its assets and liabilities as described in AASB 13 Fair Value Measurement. The methods comprise the following:

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

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:
Investment property (refer Note 13).
Derivative financial instruments (refer Note 19).

The carrying amounts of receivables, other current assets and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

28 Group details

The principal place of business of the Group is Level 1 Suite 4 Epiq Marketplace, 5 Snapper Drive Lennox Head NSW and its principal activity is investing in commercial rental properties and residential and commercial land development properties.

At 31 December 2022 there were forty employees of the Responsible Entity.

29 Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1.

		Consolidated Group	
Name	Principal place of business / Country of incorporation	**31 December 2022 %**	30 June 2022 %
Yamba Quays Pty Ltd	Australia	**100%**	100%
WPT Solar Pty Ltd	Australia	**100%**	100%
Bayside Brunswick Pty Ltd	Australia	**100%**	100%
Bilambil Heights Pty Ltd	Australia	**100%**	100%
North Coffs Pty Ltd	Australia	**100%**	100%
WPT Land Developments 1 Pty Ltd	Australia	**100%**	100%
WPT Land Developments 2 Pty Ltd	Australia	**100%**	100%
WPT Land Developments 3 Pty Ltd	Australia	**100%**	100%
ELPT Land Developments 4 Pty Ltd	Australia	**100%**	100%
ELPT Land Developments 5 Pty Ltd	Australia	**100%**	100%
Wacol Industrial Trust	Australia	**100%**	100%
Logan Village Shopping Centre Trust	Australia	**100%**	100%
Ormeau Shopping Centre Trust	Australia	**100%**	100%
WPT Sub-Trust 3	Australia	**100%**	100%
WPT Sub-Trust 4	Australia	**100%**	100%
North Shore Townsville Property Trust	Australia	**100%**	100%
WPT Sub-Trust 6	Australia	**100%**	100%
Macquarie Commercial Property Trust	Australia	**100%**	100%
WPT Sub-Trust 7	Australia	**100%**	100%
WPT Sub-Trust 8	Australia	**100%**	100%
WPT Sub-Trust 9	Australia	**100%**	100%
WPT Sub-Trust 10	Australia	**100%**	100%
CPDF Sub-Trust 11	Australia	**100%**	100%
CPDF Sub-Trust 12	Australia	**100%**	100%
CPDF Sub-Trust 13	Australia	**100%**	100%
CPDF Sub-Trust 14	Australia	**100%**	100%
CPDF Sub-Trust 15	Australia	**100%**	100%
CPDF Sub-Trust 16	Australia	**100%**	100%

In accordance with a resolution of the directors, the directors of the responsible entity declare that:

1. The financial statements and notes of the consolidated Group and Clarence Property Diversified Fund as set out on pages 12 to 45 are in accordance with the Corporations Act 2001 and:

   a) Comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) Give a true and fair view of the financial position as at 31 December 2022 and of the performance for the half year ended on that date of the consolidated Group and Clarence Property Diversified Fund.

2. In the directors' opinion there are reasonable grounds to believe the consolidated Group and Clarence Property Diversified Fund will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the responsible entity.

On behalf of the directors of the responsible entity,

Peter Fahey
Managing Director

James Dougherty
Chairman

Dated 3rd day of March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE UNITHOLDERS OF CLARENCE PROPERTY DIVERSIFIED FUND

Conclusion

We have reviewed the accompanying half-year financial report of Clarence Property Diversified Fund represents the combination or stapling of the Clarence Property Diversified Fund and Epiq Lennox Property Fund ("the Group"), and Clarence Property Diversified Fund ("the Fund") which comprises the consolidated statement of financial position as at Saturday, 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the Fund and the Group, comprising the Funds and the entities they controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Clarence Property Diversified Fund and Clarence Property Diversified Fund is not in accordance with the *Corporations Act 2001* including:-

(a) giving a true and fair view of the Group's and the Fund's financial position as at Saturday, 31 December 2022, and of its financial performance for the half-year ended on that date; and

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

Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

PKF Brisbane Audit ABN 33 873 151 348
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Responsibility of the Directors for the Financial Report

The directors of Clarence Property Corporation Limited as the Responsible Entity and Manager of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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 half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's and the Fund's financial position as at Saturday, 31 December 2022 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 a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF BRISBANE AUDIT

LIAM MURPHY
PARTNER

3 MARCH 2023
BRISBANE

NOTES

CLARENCE PROPERTY

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Clarence Property Corporation Limited ABN 67 094 710 942 AFSL 230212.

NO STRESS JUST RETURNS