

Metrics Real Estate Partners Fund 1

ABN 49 952 012 237

General Purpose Financial Report - 30 June 2022



Metrics Real Estate Partners Fund 1

Contents

30 June 2022

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The financial statements cover Metrics Real Estate Partners Fund 1 as an individual entity.

The Trustee of the Fund is The Trust Company Limited (ABN 59 004 027 749, AFSL 235 148). The Trustee's registered office is Level 18, Angel Place, 123 Pitt Street, Sydney, NSW 2000.

Metrics Real Estate Partners Fund 1
Trustee's report
30 June 2022

The Trust Company Limited (ABN 59 004 027 749, AFSL 235 148), the Trustee of Metrics Real Estate Partners Fund 1 ("Fund"), present their report, together with the financial statements, on the Fund for the period ended 30 June 2022.

Principal activities

The Fund is an unregistered managed investments scheme domiciled in Australia.

The investment strategy of the Fund is to provide attractive risk-adjusted returns, including delivering upside capital gains through investments in CRE co-investment assets.

The Fund was constituted on 10 December 2021 and commenced operations on 1 March 2022.

The Fund did not have any employees during the period.

Directors of the Trustee

The Directors of The Trust Company Limited during the period and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

| Name | Position |
|-------------------|-----------------|
| Allan Lo Proto | Director |
| Christopher Green | Director |
| Mark Smith | Director |

Review and results of operations

The operating profit after income tax for the reporting period was \$716,000. As the Fund has recently commenced operations, no dividends have been declared to date.

During the period, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provision of the Fund's Constitution.

Significant changes in the state of affairs

The Trustee regularly assesses the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Fund. The current high-level uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Trustee and management will continue to monitor this situation.

Further to this, the current geopolitical events have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the rising Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Trustee and management continue to remain abreast of developments in this area and monitor the potential impacts across the Fund.

In the opinion of the Trustee, there were no other significant changes in the state of affairs of the Fund that occurred during the financial period.

Metrics Real Estate Partners Fund 1

Trustee's report

30 June 2022

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected or may significantly affect;

- i) the operations of the Fund in future financial years; or
- ii) the results of those operations in future financial years; or
- iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed, and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnity and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to the insurance cover provided to either the officers of the Trustee or the auditors of the Fund. So long as the officers of the Trustee act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Trustee or its associates

Fees paid to the Trustee and its associates out of Fund property during the period are disclosed in note 13 to the financial statements.

No fees were paid out of Fund property to the Trustee of the Trustee during the period.

The number of interests held in the Fund by the Trustee or its associates as at the end of the financial period is disclosed in note 13 of the financial statements.

Units in the Fund

The movement of units on issue in the Fund during the period is disclosed in note 9 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of financial position and derived using the basis set out in note 2 of the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulation under Australian Commonwealth or State law.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Trustee's report.

Metrics Real Estate Partners Fund 1
Trustee's report
30 June 2022

This report is made on behalf of The Trust Company Limited in its capacity as Trustee of the Fund.



Senior Manager

31 August 2022
Sydney



Lead Auditor's Independence Declaration

To the Directors of The Trust Company Limited as the Trustee of Metrics Real Estate Partners Fund 1

I declare that, to the best of my knowledge and belief, in relation to the audit of Metrics Real Estate Partners Fund 1 for the financial year period from 10 December 2021 to 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Andrew Reeves
Partner

Sydney
31 August 2022

Metrics Real Estate Partners Fund 1
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2022

| | Note | Period ended 30 June 2022 \$'000 |
|--|------|---|
| Income | | |
| Interest Income | 4 | 457 |
| Distribution income | | 588 |
| Net gains/(losses) on financial instruments at fair value through profit or loss | | (5) |
| Other operating income | | 138 |
| Total Investment income | | <u>1,178</u> |
| Expenses | | |
| Trustee fees | | 7 |
| Administration and other expenses | | 22 |
| Management fee expense | | 195 |
| Total expenses | | <u>224</u> |
| Operating profit before income tax expense | | 954 |
| Income tax expense | 10 | <u>238</u> |
| Operating profit after income tax expense for the period | | 716 |
| Other comprehensive income for the period, net of tax | | <u>-</u> |
| Total comprehensive income for the period | | <u>716</u> |

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

Metrics Real Estate Partners Fund 1
Statement of financial position
As at 30 June 2022

| | Note | As at 30 June 2022 \$'000 |
|--|------|---------------------------------|
| Assets | | |
| Cash and cash equivalents | 5 | 12,941 |
| Distribution receivable | | 167 |
| Receivables | 6 | 252 |
| Deferred tax asset | | 3 |
| Financial assets at fair value through profit or loss | 7 | <u>44,189</u> |
| Total assets | | <u>57,552</u> |
| Liabilities | | |
| Payables | 8 | 73 |
| Provision for income tax | | 168 |
| Deferred tax liability | | <u>73</u> |
| Total liabilities | | <u>314</u> |
| Net assets attributable to unitholders - equity | 9 | <u>57,238</u> |

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

Metrics Real Estate Partners Fund 1
Statement of changes in equity
For the period ended 30 June 2022

| | Note | Period ended 30 June 2022 \$'000 |
|---|------|---|
| Total equity at the beginning of the financial period | | - |
| Operating profit after income tax expense for the period | | 716 |
| Other comprehensive income for the period, net of tax | | <u>-</u> |
| Total comprehensive income for the period | | 716 |
| Transactions with unitholders in their capacity as unitholders: | | |
| Applications from unitholders | 9 | <u>56,522</u> |
| Total equity at the end of the financial period | | <u>57,238</u> |

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

Metrics Real Estate Partners Fund 1
Statement of cash flows
For the period ended 30 June 2022

| | Note | Period ended 30 June 2022 \$'000 |
|--|------|---|
| Cash flows from operating activities | | |
| Interest income received | | 200 |
| Management fees paid | | (170) |
| Other revenue received | | 134 |
| Trust Distributions received | | 421 |
| Administration and other expenses paid | | <u>(226)</u> |
| Net cash from operating activities | 11 | <u>359</u> |
| Cash flows from investing activities | | |
| Payments for investments at fair value through profit or loss | | (43,940) |
| Proceeds from disposal of investments | | <u>-</u> |
| Net cash used in investing activities | | <u>(43,940)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of units | | <u>56,522</u> |
| Net cash from financing activities | | <u>56,522</u> |
| Net increase in cash and cash equivalents | | 12,941 |
| Cash and cash equivalents at the beginning of the financial period | | <u>-</u> |
| Cash and cash equivalents at the end of the financial period | 5 | <u>12,941</u> |

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

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

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Metrics Real Estate Partners Fund 1

Notes to the financial statements

30 June 2022

1. General information

These financial statements cover the Metrics Real Estate Partners Fund 1 (the "Fund"). The Fund was constituted on 10 December 2021 as an unregistered open-ended unit trust and operations commenced on 1 March 2022. The Fund is domiciled in Australia. The Fund will be terminated at the direction of the Trustee in accordance with the provisions of the Trust Deed.

The Trustee of the Fund is The Trust Company Limited (ABN 59 004 027 749, AFSL 235 148) (the " Trustee "). The Trustee's registered office is Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000.

The Investment Manager of the Fund is Metrics Real Estate Partners Pty Ltd (ABN 69 649 136 970) (the "Investment Manager").

The Custodian of the Fund is Perpetual Corporate Trust Limited (ABN 99 000 341 533, AFSL 392 673).

The investment strategy of the Fund is to provide attractive risk-adjusted returns, including delivering upside capital gains through investments in CRE co-investment assets.

The financial statements were authorised for issue by the Directors on 31 August 2022. The Directors of the Trustee have the power to amend the financial statements after they have been issued.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Basis of preparation

As the Fund is an unregistered trust, it is not publicly accountable and is not a reporting entity and Chapter 5C of the Corporations Act 2001 does not apply. This is a general purpose financial report that has been prepared for the sole purpose of complying with the Trust Deed requirements to prepare and distribute a financial report to Unitholders and must not be used for any other purpose. They have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board.

For the purposes of preparing the financial statements, the Fund is a for-profit entity, and these financial statements have been prepared on a going concern basis. The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The financial statements are presented in Australian dollars, which is the Fund's functional currency and presentation currency. Amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled in twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount to be recovered or settled in relation to these balances remain subject to the performance of the Fund and its operations in accordance with the Trust Deed. The Fund is operated by the Investment Manager to ensure financial assets are held to maturity and that sufficient liquidity can be accommodated from the dealing in Fund assets to Fund cash flow requirements of the Fund. The Investment Manager expects to hold investments in accordance with the contracted provisions of the financial assets held.

Metrics Real Estate Partners Fund 1

Notes to the financial statements

30 June 2022

2. Significant accounting policies (continued)

The Fund has been deemed to meet the definition of an investment entity, as the following conditions exist;

- The Fund has obtained funds for providing investors with investment management services;
- The Fund's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income; and
- The performance of investments made through the Fund are measured and evaluated on a fair value basis.

New or amended Accounting Standards and Interpretations adopted

The Fund has adopted all Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Income recognition

The Fund recognises income as follows:

Interest

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest revenue is recognised daily as it accrues, taking into account the actual interest rate on the financial asset and is recognised in the Statement of comprehensive income.

Distribution and Dividend income

Distribution and Dividend income is recognised on the ex-distribution date or when the Fund's right to receive payment is established. Distribution and Dividend income is recognised gross of any withholding taxes and net of any imputation credits.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Expenses

All other expenses, including Trustee fees, manager fees, are recognised in the Statement of comprehensive income on an accruals basis.

Income tax

Due to the nature of the Fund's investment activities, the Fund qualifies as a public trading trust under Division 6C of the *Income Tax Assessment Act 1936 (Cth)*, and accordingly the trust will be taxed as a corporate entity for Australian income tax purposes and therefore, the taxable income of the unit trust will be taxed at the applicable corporate tax rate. Distributions to Investors are treated as dividends in the hands of the Investors and are capable of being franked.

The Trustee has confirmed that for the year end 30 June 2022, the Fund is eligible to be treated as a base rate entity and will be taxed at the corporate tax rate of 25%. This will be tested annually and the corporate tax rate will be adjusted in future income years if the proportion of passive income varies.

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

2. Significant accounting policies (continued)

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 the changes in deferred tax assets and liabilities attributable to temporary differences, 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 be applied 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 interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that 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 that 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 at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that 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.

Cash and cash equivalents

For the purpose of preparation of Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as a liability on the Statement of financial position.

Receivables

Receivables include interest which is accrued at the reporting date from the time of last payment. Interest on project financing loans is accrued but not received until a project is nearing completion. Other receivables are generally received within 90 days of being recorded as receivables. Receivables are measured at their nominal amounts. Receivables may also include such items as Reduced Input Tax Credits ("RITC") and prepayments.

Financial Instruments

Classification

In accordance with AASB 9 Financial Instruments, the Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed, and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Trustee to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

2. Significant accounting policies (continued)

Under AASB 9, financial instruments are classified as either:

- Amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows only, and the contractual cash flows under the instrument represent solely payments of principal and interest ("SPPI")
- Fair value through other comprehensive income ("FVOCI") if the objective of the business model is to hold financial instruments both to collect contractual cashflows from SPPI and for the purpose of sale; or
- All other financial instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through profit or loss

The Fund holds financial assets comprising of investments in unlisted unit trusts and loan assets for CRE development projects. The units held in unlisted unit trust are measured at fair value and mandatorily classified as fair value through profit or loss. Due to the nature of the CRE development loan assets and that interest income, whilst accrued is not received until project completion, these assets have also been measured at fair value and classified as fair value through profit or loss.

At initial recognition, financial assets at fair value through profit or loss are measured at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset, less impairment losses if any. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed in the Statement of comprehensive income immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are remeasured daily at fair value with changes in their fair value recognised in profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is calculated as the present value of expected cash flows arising from the asset having regard to current market prices and contracted remaining term to maturity.

Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Any gains or losses arising on derecognition of the asset held at fair value through profit and loss (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the Statement of comprehensive income in the period the asset is derecognised as realised gains or losses on financial instruments.

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

2. Significant accounting policies (continued)

Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, less impairment losses if any. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed in the Statement of comprehensive income immediately.

Subsequent to initial recognition, all instruments at fair value through profit or loss are remeasured daily at fair value with changes in their fair value recognised in profit or loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is calculated as the present value of expected cash flows arising from the asset having regard to current market prices and returns for assets of comparable credit quality, terms and contracted remaining term to maturity.

Other financial assets and liabilities

Management considers that the carrying amount of cash and cash equivalents and receivables approximate fair value.

Other financial liabilities are initially measured at fair value and subsequently at amortised cost. Management considers the carrying amount of payables approximate fair value.

Payables

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 90 days of recognition.

Net assets attributable to unitholders - equity

In accordance with AASB 132 Financial Instruments: Presentation, the Funds units are puttable financial instruments that have been classified as equity, as they meet all the following criteria:

- entitle the holder to a pro-rata share of the Fund's net assets in the event of the Fund's liquidation;
- are in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- do not include any contractual obligation to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the units over the life are based substantially on the profit or loss.

The classification as equity has been applied consistently though the period.

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

2. Significant accounting policies (continued)

Applications and redemptions

Applications received for units in the Fund are recorded net of any transaction costs prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

In accordance with the Trust Deed, members have no right to request the redemption of their units. Rather, the Trustee may, at any time and in its discretion, apply what it considers to be excess cash of the Fund to redeem a pro rata portion of each Member's unit, and are therefore classified as equity in the Statement of financial position.

Distributions and Dividends

On the basis that Fund will be a public trading trust, distributions made by the Fund to the investors will be treated as dividends for Australian income tax purposes. Accordingly, any income (including capital gains, if any) distributed by the Fund will not retain its character on distribution to the investors.

As distributions will be treated as dividends, and the Fund will be able to attach franking credits on the distributions made. The franking percentage of each distribution will be determined at the time of the distribution, having regard to the circumstances of the Fund at that time and the relevant taxation law.

Goods and Services Tax ('GST') and other similar taxes

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodian services and management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC") at a rate of at least 55%, hence Management fees, Administration and custody fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

Rounding of amounts

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparative period

The Fund was constituted on 10 December 2021 and commenced operations on 1 March 2022. The reporting period covers the period 10 December 2021 to 30 June 2022, hence there is no comparative information.

Metrics Real Estate Partners Fund 1

Notes to the financial statements

30 June 2022

3. Critical accounting judgements, estimates and assumptions

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to amounting estimates are recognised prospectively.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Investment Manager has in place a control framework around loan valuation and adopts an active approach to managing risks to the Fund, which is demonstrated in the following primary ways;

- Detailed initial due diligence process prior to entering transactions with counterparties.
- Regular monitoring of all portfolio assets.
- Independent market assessment conducted by third party on price, loan valuation and impairment when required
- Maintaining active engagement with other market participants and receipt of regular reporting from banks, borrowers and ratings agencies
- Detailed and ongoing credit review process of the Investment Manager to assess whether any asset is impaired

For certain other financial instruments, including receivables and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

Fair value is the price that would be received to see an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique in estimating the fair value of an asset or liability.

Fair value measurements are categorised based on the degree to which the inputs to the fair value measurements are observable and the significant of inputs to the fair value measurement in its entirety, which are described as follows;

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs are (other than quoted prices included in Level 1) observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable for the asset or liability.

The Fund adopts a framework for the valuation of Level 3 assets (note 7), that involves regular reports from the project development managers on the development progress, the review of monthly management accounts and reporting from management to track performance against budget. Independent valuation consultants can also be engaged where necessary.

Income tax

The Fund is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Fund recognises liabilities for anticipated tax audit issues based on the Fund's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

3. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets

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

4. Interest Income

| | Period ended 30 June 2022 \$'000 |
|---|---|
| Interest on cash at bank | 8 |
| Interest on CRE development loan assets | 449 |
| | <hr/> |
| | 457 |
| | <hr/> |

5. Cash and cash equivalents

| | As at 30 June 2022 \$'000 |
|--------------|--|
| Cash at bank | 12,941 |
| | <hr/> |

6. Receivables

| | As at 30 June 2022 \$'000 |
|-------------------|--|
| Other receivables | 4 |
| Prepayments | 216 |
| GST receivable | 32 |
| | <hr/> |
| | 252 |
| | <hr/> |

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

7. Financial assets at fair value through profit or loss

| | As at 30 June 2022 \$'000 |
|--|--|
| Units in unlisted managed investment Trust - MCP Real Estate Debt Fund | 24,999 |
| Units in unlisted CRE development trusts | 5,463 |
| Loans to unlisted CRE development trusts | 13,470 |
| Accrued interest - CRE development loan assets | 257 |
| | <u>44,189</u> |

At the reporting date the Fund held certain investments being undrawn lending and equity commitments. The maximum exposure of gross commitments (both drawn and undrawn commitments, but excluding units in the MCP Real Estate Debt Fund) was \$21.64 million, comprising drawn commitments of \$18.93 million and undrawn loan commitments of \$2.71 million. The obligation of the Fund to finance these undrawn commitments is managed by way of cash held on deposit.

8. Payables

| | As at 30 June 2022 \$'000 |
|-----------------------------------|--|
| Trustee fee payable | 7 |
| Management fee payable | 48 |
| Administration and other payables | 18 |
| | <u>73</u> |

9. Net assets attributable to unitholders - equity

As stipulated within the Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units, and each unit has the same rights attaching to it as all other units of the Fund. Refer to note 2 for further details.

Movements in the number of units and net assets attributable to unitholders - equity during the current financial period are set out below:

| | As at 30 June 2022 | |
|--|---------------------------|---------------|
| | Units | \$'000 |
| Net assets attributable to unitholders - equity at the beginning of the financial period | - | - |
| Applications | 56,522 | 56,522 |
| Operating profit after income tax expense for the period | - | 716 |
| | <u>56,522</u> | <u>57,238</u> |

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

10. Income tax expense

| | Period ended 30 June 2022 \$'000 |
|--|---|
| Numerical reconciliation of income tax expense and tax at the statutory rate | |
| Operating profit before income tax expense | 954 |
| Tax at the statutory tax rate of 25% | 239 |
| Income tax expense | 239 |

11. Reconciliation of operating profit after income tax to net cash from operating activities

| | Period ended 30 June 2022 \$'000 |
|--|---|
| Operating profit after income tax expense for the period | 716 |
| Adjustments for: | |
| Net loss/(gain) on financial assets at fair value through profit or loss | 5 |
| Accrued Interest Income | (257) |
| Change in operating assets and liabilities: | |
| Increase in receivables | (417) |
| Increase in deferred tax assets | (3) |
| Increase in payables | 74 |
| Increase in provision for income tax | 168 |
| Increase in deferred tax liabilities | 73 |
| Net cash from operating activities | 359 |

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

12. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by KPMG, the auditor of the Fund:

| | Period ended 30 June 2022 \$ |
|---------------------------------------|---|
| Audit services - KPMG | |
| Audit of the financial statements | 20,000 |
| Total remuneration for audit services | <u>20,000</u> |

13. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

Trustee

The Trust Company Limited is the Trustee of the Fund. The Trustee is a wholly owned subsidiary in the Perpetual Limited Group (ASX: PPT). Perpetual Corporate Trust Limited, a related party of the Trustee, provides custody services to the Fund. Amounts presented under the Trustee fees include fees paid for Trustee and custody services.

The Investment Manager of the Fund is Metrics Real Estate Partners Pty Ltd.

(a) Directors

Key management personnel includes persons who were Directors of the Trustee at any time during the financial period as follows:

| Name | Position |
|-------------------|-----------------|
| Allan Lo Proto | Director |
| Christopher Green | Director |
| Mark Smith | Director |

(b) Other key management personnel

There were no other persons responsible for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial period.

Key management personnel unitholdings

During or since the end of the year, none of the Directors or Director related entities held units in the Fund, either directly, indirectly or beneficially.

Neither the Trustee nor its affiliates held units in the Fund at the end of the year.

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

13. Related party transactions (continued)

Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from a related party of the Trustee in their capacity as Directors or employees of the Trustee or its related parties. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Trustee do not include any amounts attributable to the compensation of key management personnel.

Key management personnel loan disclosures

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

Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial period and there were no material contracts involving Director's interests existing at year end.

Trustee / Investment Manager fees and other transactions

Under the terms of the Fund's Constitution, the Trustee is entitled to receive a fee per annum calculated as a percentage of the net asset value of the Fund. The Investment Manager of the Fund is Metrics Real Estate Partners Pty Ltd. The Investment Manager is entitled to receive a management fee at the rates stipulated in the Fund's governing documents.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the period and amounts payable at year end between the Fund and the Trustee were as follows:

| | Period ended 30 June 2022 \$'000 |
|---|---|
| Management fees for the period paid/payable by the Fund to the Investment Manager | 195,000 |
| Aggregate amount payable to the Investment Manager at year end | 48,000 |
| Trustee and Custodian fees for the year paid/payable by the fund | 7,000 |
| Aggregate amount payable to Trustee and Custodian at year end | 7,000 |

Investments

The Fund held investments in the MCP Real Estate Debt Fund which is managed by The Trust Company Limited or its related parties:

At 30 June 2022 the carrying value of the investment held in MCP Real Estate Debt Fund totalled \$24.99m (note 7) and distribution revenue of \$588,000 was recognised for the reporting period.

Metrics Real Estate Partners Fund 1
Notes to the financial statements
30 June 2022

14. Contingent assets and liabilities and commitments

As disclosed in note 7 the Fund had undrawn loan and equity investment commitments of \$2.71 million.

There are no other outstanding assets and liabilities or commitments as at 30 June 2022.

15. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected or may significantly affect;

- i) the operations of the Fund in future financial years; or
- ii) the results of those operations in future financial years; or
- iii) the state of affairs of the Fund in future financial years.

Metrics Real Estate Partners Fund 1
Trustee's declaration
30 June 2022

In the opinion of The Trust Company Limited as Trustee for Metrics Real Estate Partners Fund 1 (the "Fund"):

- a) The Fund is not a reporting entity as defined in the Australian Accounting Standards; and
- b) The attached financial statements and notes;
- Have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board; and
 - Present a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the financial period ended on that date; and
 - there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed on behalf of The Trust Company Limited in its capacity as Trustee for the Metrics Real Estate Partners Fund 1.



Senior Manager

31 August 2022
Sydney



Independent Auditor's Report

To the unitholders of Metrics Real Estate Partners Fund 1

Opinion

We have audited the **Financial Report** of Metrics Real Estate Partners Fund 1 (the Fund).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the period from 10 December 2021 to 30 June 2022, in accordance with *Australian Accounting Standards -Simplified Disclosures Framework*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2022;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the period from 10 December 2021 to 30 June 2022;
- Notes including a summary of significant accounting policies; and
- Trustee's Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Restriction on use and distribution

We draw attention to Note 2 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared to assist The Trust Company Limited (the Trustee of Metrics Real Estate Partners Fund 1) to meet the requirements of the Fund's Constitution.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Trustee of Metrics Real Estate Partners Fund 1 and should not be used by or distributed to parties other than the Trustee of Metrics Real Estate Partners Fund 1. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Trustee of Metrics Real Estate Partners Fund 1 and the Unitholders or for any other purpose than that for which it was prepared.



Other Information

Other Information is financial and non-financial information in Metrics Real Estate Partners Fund 1's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of The Trust Company Limited (the Trustee) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors of the Trustee for the Financial Report

The Directors are responsible for:

- the preparation and fair presentation of the Financial Report for the purpose of meeting the requirements of the Fund's Constitution;
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.



A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of Andrew Reeves, written in black ink.

Andrew Reeves
Partner

Sydney
31 August 2022