Anacacia Private Equity III LP

ABN 93 102 445 381

SPECIAL PURPOSE ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Contents

Director's Report

The director of Anacacia Pty Ltd (ACN 159 223 659), the general partner of the General Partner of Anacacia Private Equity III LP, presents the report together with the financial statements of Anacacia Private Equity III LP (the "Partnership") for the financial year ended 30 June 2022.

Principal Activities
The Partnership Deed dated 15 June 2018 ("the Partnership Deed") constituted the Partnership. The Partnership is an incorporated limited partnership registered in New South Wales under the Partnership Act 1892. The General Partner of the Partnership is Anacacia III VCMP LP (the "General Partner") and its general partner is Anacacia Pty Limited (the "Ultimate General Partner"). The manager of the Partnership is Anacacia Capital Pty Limited (ACN 123 237 114) ("Manager"). Parties related to the Manager's investment team are limited partners of the General Partner.

The Partnership had $300 million in committed capital as at 30 June 2022. Total calls of $33,597,071 (2021: $65,516,316) were made during the year leading to a total called capital of $186,611,266 since inception.

The Partnership applies Australian Investment Council (AIC) valuation guidelines that have adopted the International Private Equity and Venture Capital Valuation (IPEV) guidelines.

The Partnership did not have any employees during the year.

Director
Jeremy Samuel is the sole director and secretary of the Manager that employs the investment and finance staff to manage the Partnership.

Review and results of operations
During the year, the Partnership continued investment activity in accordance with the provisions of the Partnership's governing documents.

Results:
The performance of the Partnership, as represented by the results of its operations, was as follows:

	2022 $	2021 $
Operating profit before finance costs attributable to limited partners	24,751,731	37,857,945

Significant changes in state of affairs
During the year, the Partnership acquired additional equity interests in RP Infrastructure Pty Ltd, Pump Group Pty Ltd, Direct Couriers Group Pty Ltd, and Opteon Group Holdings Ltd.

In the opinion of the director, there were no significant changes in the state of affairs of the Partnership that occurred during the financial year under review, other than those disclosed in this report.

The Partnership applies Australian Investment Council (AIC) valuation guidelines that have adopted the International Private Equity and Venture Capital Valuation (IPEV) guidelines.

Director's Report (cont'd)

Matters subsequent to the end of the financial year
No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

(i) the operations of the Partnership in future financial years, or
(ii) the results of those operations in future financial years, or
(iii) the state of affairs of the Partnership in future financial years.

Likely developments and expected results of operations
The Partnership will continue to be managed in accordance with the investment objectives and guidelines as set out in the Partnership's governing documents.

The results of the Partnership's operations will be affected by a number of factors, including the performance of investment markets in which the Partnership 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.

Further information on likely developments in the operations of the Partnership and the expected results of those operations have not been included in this report because the Ultimate General Partner believes it would be likely to result in unreasonable prejudice to the Partnership.

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

Interests of the Partnership
The movement in the Partnership's net assets during the year is disclosed in Note 5 to the financial statements.

The value of the Partnership's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation
The operations of the Partnership are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

This report is made in accordance with a resolution of the director.

Jeremy Samuel
Director
1 August 2022
Sydney

Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2022

	Notes	2022 $	2021 $
Income			
Net profit on financial instruments designated at fair value through profit or loss		2,473,725	31,978,967
Dividends received		25,260,821	12,139,085
Total net investment profit		**27,734,546**	**44,118,052**
Expenses			
Management fees	10	2,370,343	4,711,282
Remuneration of auditors	4	52,323	51,345
Insurance		72,281	63,379
Borrowing costs		424,757	1,258,033
Non-recoverable GST		61,611	122,504
Other operating expenses	3	1,500	53,564
Total operating expenses		**2,982,815**	**6,260,107**
Net profit before finance costs attributable to limited partners		**24,751,731**	**37,857,945**
Finance costs attributable to limited partners			
Distributions to limited partners		(29,097,729)	(16,826,316)
Transfer from net assets attributable to limited partners		4,345,998	(21,031,629)
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		**-**	**-**

The above Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2022

	Notes	2022	2021
		$	$
Assets			
Current assets			
Cash and cash equivalents		2,128,648	1,595,058
Trade and other receivables	6	110,709	31,754,627
Financial assets designated at fair value through profit or loss	7	192,300,020	157,020,456
Total assets		**194,539,377**	**190,370,140**
Liabilities			
Current liabilities			
Trade and other payables	8	57,387	52,355
Borrowings	9	5,245,036	30,332,560
Total liabilities		**5,302,423**	**30,384,915**
Net assets attributable to limited partners	5	**189,236,954**	**159,985,226**
Liability to limited partners		**(189,236,954)**	**(159,985,226)**
Net assets		-	-

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the financial year ended 30 June 2022

	2022 $	2021 $
Total equity at the start of the financial year		
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

Under Australian Accounting Standards, 'Net assets attributable to limited partners' is classified as a liability rather than equity. As a result, there was no equity at the start or end of the year.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the financial year ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Net investment in financial assets designated at fair value through profit or loss		(32,805,840)	(55,979,962)
Dividends and interest income received		25,260,821	12,139,085
Management fees paid	10	(2,370,343)	(4,711,282)
Interest paid		(345,111)	(801,131)
Payment of other operating expenses		(181,264)	(247,211)
Net cash outflow from operating activities	11(a)	(10,441,737)	(49,600,501)
Cash flows from financing activities			
Proceeds from called capital from Limited Partners		34,909,571	65,516,316
Distribution to Limited Partners		(29,097,074)	(16,826,316)
Net Proceeds from borrowings		5,230,000	-
Payment of transaction costs related to borrowings		(67,170)	(456,903)
Net cash inflow from financing activities		10,975,327	48,233,097
Net decrease in cash held		(533,590)	(1,367,404)
Cash at beginning of financial year		1,595,058	2,962,462
Cash at end of financial year		2,128,648	1,595,058

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the financial year ended 30 June 2022

1. GENERAL INFORMATION

These financial statements cover Anacacia Private Equity III LP ("the Partnership") as an individual entity. The Partnership Deed dated 15 June 2018 ("the Partnership Deed") constituted the Partnership. The Partnership is an incorporated limited partnership registered in New South Wales under the Partnership Act 1892. The general partner of the Partnership is Anacacia III VCMP LP (the "General Partner") and its general partner is Anacacia Pty Limited (the "Ultimate General Partner"). The manager of the Partnership is Anacacia Capital Pty Limited (ACN 123 237 114) ("Manager"). Parties related to the Manager's investment team are limited partners of the General Partner.

The financial statements were authorised for issue by the director of the Ultimate General Partner on 1 August 2022. The director of the Ultimate General Partner has the power to amend and reissue the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The director has determined that the accounting policies set out below are appropriate to meet the needs of the limited partners.

(a) Financial reporting framework

This is a special purpose financial report that has been prepared for the sole purpose of complying with the Partnership Deed requirements to prepare and distribute a financial report to the members and must not be used for any other purpose. For the purposes of preparing the financial statements, the Partnership is a for-profit entity.

The Partnership has a capital commitment that the Ultimate General Partner can call upon at any time. As a result, the Partnership has the ability to continue as a going concern in order to provide returns for limited partners.

Statement of compliance

The financial report has been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards, and the disclosure requirements of Australian Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash flows', 'AASB 108 Accounting Policies, changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'. In accordance with paragraph 31 of AASB 2013-5 the Partnership need not to present consolidated financial statements to measure all of its subsidiaries at fair value through profit and loss.

Basis of preparation

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

Notes to the Financial Statements (continued)

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial reporting framework (continued)

Basis of preparation (continued)
In estimating the fair value of an asset or a liability, the Partnership takes into account the characteristics of the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the 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 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Items included in the financial statements of the Partnership are measured using the currency of the primary economic environment in which the Partnership operates (‘the functional currency'). The financial statements are presented in Australian dollars, which is the Partnership’s functional and presentation currency.

(b) Financial assets designated at fair value through profit or loss

(i) Classification of financial assets

The Partnership classifies its investments equity securities, as financial assets designated at fair value through profit or loss. These financial assets are classified as held for trading or designated by the Ultimate General Partner at fair value through profit or loss at inception.

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Partnership’s documented investment strategy.

The Partnership’s policy requires the Ultimate General Partner to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Partnership’s documented investment strategy.

The Partnership’s policy requires the Ultimate General Partner to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Notes to the Financial Statements (continued)

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial assets and liabilities designated at fair value through profit or loss (continued)

(ii) Recognition/derecognition and measurement

The Partnership recognises financial assets on the date it becomes party to the contractual agreement (trade date).

Financial assets designated at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets designated at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets designated at fair through profit or loss' category are presented in profit or loss within changes in fair value of financial assets designated at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss within other operating income when the Partnership's right to receive payment is established.

Interest revenue calculated using effective interest method on debt securities at fair value through profit or loss is recognised in profit or loss as part of other operating income.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques.

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Partnership's main income generating activity.

(d) Expenses

All expenses, including management fees, are recognised in profit or loss on an accruals basis.

Notes to the Financial Statements (continued)

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Transaction costs

Transaction costs are legal and professional fees incurred to structure a deal to acquire the financial assets at fair value through profit or loss. They include the upfront fees and commissions paid to agents, advisers, brokers and dealers, if any, and due diligence, professional advisory and documentation fees that are not otherwise paid directly by the portfolio company. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

(f) Income tax

Under current legislation, the Partnership is not subject to income tax as limited partners are presently entitled to the income of the Partnership.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Partnership is not subject to capital gains tax.

The benefit of imputation credits and foreign tax paid are passed on to limited partners.

(g) Distributions

In accordance with the Partnership's governing documents, the Partnership distributes income adjusted for amounts determined by the Ultimate General Partner, to limited partners by cash. The distributions paid or payable at the end of each year are in profit or loss as finance costs attributable to limited partners.

(h) Increase/decrease in net assets attributable to limited partners

Income not distributed is included in net assets attributable to limited partners. Movements in net assets attributable to limited partners are recognised in profit or loss as finance costs.

(i) Receivables

Receivables may include amounts for interest. Interest is accrued at the end of each financial year from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

Recoverability of the trade receivables is based on the expected credit loss model under the AASB 9. The Partnership has accounted for expected credit losses and changes in the expected credit losses as at 30 June 2022.

The impairment of the trade receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses.

(j) Payables

Payables include liabilities and accrued expenses owing by the Partnership which are unpaid as at the end of the financial year.

Notes to the Financial Statements (continued)

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Partnership by third parties such as management fees have been passed onto the Partnership. The Partnership qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% for management and administration fees and 55% for audit and tax fees hence all fees and expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). 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.

(l) Use of estimates

The Partnership makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments. Refer to Note 2(n) for further details on the use of estimates in valuing financial assets at fair value through profit or loss.

The underlying assumptions used by the Manager in determining the fair value of the Partnership's investments are based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2022 about future events that the Manager believes are reasonable in the circumstances. The ongoing COVID-19 pandemic has nevertheless created heightened estimation uncertainty in the underlying assumptions used in determining the fair value of investments.

(m) Unfunded committed capital

Unfunded capital commitments are recognised when suitable investments have been approved for purchase and call requests have been made to investors.

(n) Investment valuations

The Partnership applies Australian Investment Council (AIC) valuation guidelines that have adopted the International Private Equity and Venture Capital Valuation (IPEV) guidelines.

The valuation process aims, where appropriate, to determine a value based on maintainable earnings without assigning value to one-off effects or effects that are unique to their current ownership structures and, where possible, to align the valuation inputs with observable or market-related metrics, including earnings multiples, capitalisation rates and the like. Care is taken to ensure that market-related metrics, where used, are applicable to the investee or, if necessary, adjusted to reflect differences in liquidity, size or other characteristics.

The value is determined by first calculating an enterprise value, subtracting external net debt (if any) to determine the value of equity and then to calculate the Partnership's share of that equity value having regard to the possible impact of performance shares, options, ratchet arrangements, drag and tag along provisions and any other consideration that could cause the Partnership's share of the investee's equity value to be adjusted as a result of transaction terms and conditions.

Notes to the Financial Statements (continued)

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Investment valuations (continued)

A summary of all investments, the revaluation methodologies and impacts for those investee companies revalued during the financial year ending 30 June 2022 is shown in Note 7.

3. OTHER OPERATING EXPENSES

	2022 $	2021 $
Professional service fees	-	52,353
Other	1,500	1,211
	1,500	**53,564**

4. REMUNERATION OF AUDITORS

During the year following fees were paid or payable for services provided by the auditor of the partnership, Deloitte Touche Tohmatsu.

	2022 $	2021 $
Audit of financial statements	46,323	45,345
Taxation services	6,000	6,000
	52,323	**51,345**

5. NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS

Movements in net assets attributable to limited partners during the year were as follows:

	2022 $	2021 $
Committed capital	300,000,000	300,000,000
Called capital	(184,611,226)	(151,014,155)
Uncalled capital	**115,388,774**	**148,985,845**
Net assets attributable to limited partners at the start of the year	159,985,226	73,437,281
Net profit for the year	24,751,731	37,857,945
Capital called during the year	33,597,071	65,516,316
Distributions during the year	(29,097,074)	(16,826,316)
Total net assets attributable to limited partners at the end of the year	**189,236,954**	**159,985,226**

Notes to the Financial Statements (continued)

For the financial year ended 30 June 2022

5. NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS (continued)

Capital risk management

The Partnership considers its net assets attributable to limited partners as capital, notwithstanding net assets attributable to limited partners are classified as a liability. The amount of net assets of the partnership can change as committed capital is callable at the discretion of the limited partners.

6. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Deferred borrowing facility costs	18,719	36,148
GST receivable	78,915	75,978
Other assets	13,075	30,330,000
Capital call receivable	-	1,312,500
	110,709	**31,754,627**

7. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 $	2021 $
Financial assets designated at fair value through profit or loss	192,300,020	157,020,456
Total financial assets designated at fair value through profit or loss	**192,300,020**	**157,020,456**

Notes to the Financial Statements (continued)

For the financial year ended 30 June 2022

7. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Fair value of financial assets that are measured at fair value on a recurring basis

The following table gives information about how the fair values of these financial assets are determined, in particular, the valuation technique(s) and inputs used.

Investee	Acquisition Date	Cost at 30 June 2022 $'0000	Cost at 30 June 2021 $'0000	Fair Value at 30 June 2022 $'000	Fair Value at 30 June 2021 $'000	Investment Valuation Methodology & Key Inputs	Fair Value Hierarchy	Significant Unobservable Input(s)	Relationship of unobservable inputs to fair value
Duncan Technologies Pty Limited	14/09/2018	15,400	15,400	18,000	15,500	Earnings multiple	Level 3	Earnings multiples taking into account management's experience and knowledge of market conditions	The higher the multiples, the higher the fair value
RP Infrastructure Pty Ltd	3/10/2019	18,700	14,000	26,300	10,500	Earnings multiple	Level 3	Earnings multiples taking into account management's experience and knowledge of market conditions	The higher the multiples, the higher the fair value
Sureway Group Pty Ltd	28/02/2020	14,438	18,050	32,100	32,470	Earnings multiple	Level 3	Earnings multiples taking into account management's experience and knowledge of market conditions	The higher the multiples, the higher the fair value
Direct Couriers Group Pty Ltd	19/12/2019	49,921	29,921	79,600	39,850	Earnings multiple	Level 3	Earnings multiples taking into account management's experience and knowledge of market conditions	The higher the multiples the higher the fair value
Pump Haircare Pty Ltd	1/12/2020	27,000	16,670	2,500	16,700	Earnings multiple	Level 3	Earnings multiples taking into account management's experience and knowledge of market conditions	The higher the multiples, the higher the fair value
Mwave Holdings Pty Ltd	1/12/2020	18,000	18,000	8,900	18,100	Earnings multiple	Level 3	Earnings multiples taking into account management's experience and knowledge of market conditions	The higher the multiples, the higher the fair value
Opteon Group Holdings Ltd	23/12/2020	21,388	20,000	24,900	23,900	Earnings multiple	Level 3	Earnings multiples taking into account management's experience and knowledge of market conditions	The higher the multiples, the higher the fair value
	Total	**164,847**	**132,041**	**192,300**	**157,020**				

Notes to the Financial Statements (continued)

For the financial year ended 30 June 2022

8. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Audit and tax fees payable	57,387	52,355
Total trade and other payables	**57,387**	**52,355**

9. BORROWINGS

	2022 $	2021 $
Borrowings	5,245,036	30,332,560
Total borrowings	**5,245,036**	**30,332,560**

At 30 June 2022, the Partnership had drawn down $5.23 million from its borrowing facility at a variable interest rate for a follow on investment in RP Infrastructure Pty Ltd ($4.7m) and to fund the payment of management fees ($0.53m). This loan has a repayment date of 4 October 2022.

10. RELATED PARTY TRANSACTIONS

General Partner and Manager
Anacacia VCMP III LP is the general partner of the Partnership and Anacacia Capital Pty Limited is the manager of the Partnership.

Key management personnel
Jeremy Samuel is the Director of the Manager of the Partnership and the Director of the Ultimate General Partner.

Key management personnel are paid by the Manager and not the Partnership.

Senior executives have made an investment commitment to the Partnership and are limited partners of the General Partner.

Management fees
Under the Partnership Deed, the Manager is entitled to receive 2% (plus GST) quarterly fees in advance calculated on $300 million, equating to $6,000,000 (excl. GST) per annum. During the year, there were no changes to the committed capital.

The Manager received $3,987,215 (2021: $1,288,718) in fees from its investees that it is rebating against management fees to benefit investors.

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2022

11. RECONCILIATION OF PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2022	2021
	$	$
(a) Reconciliation of net cash outflow from operating activities		
Net profit before finance costs attributable to limited partners	24,751,731	37,857,945
Add back: payment of transaction costs related to borrowings	67,170	456,903
Transfer from net assets attributable to limited partners		
Purchase of financial instruments at fair value through profit or loss	(32,805,840)	(54,670,024)
Net gain on financial instruments held at fair value through profit or loss	(2,473,725)	(31,978,967)
Net change in receivables and other assets	30,331,416	(31,599,573)
Net change in payables	(30,312,489)	30,333,215
Net cash outflow from operating activities	**(10,441,737)**	**(49,600,501)**

13. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

If the Partnership sold all of its investee companies and realised values at the determined fair values at 30 June 2022 such that it distributed in cash the net asset value, then the Partnership would pay the General Partner a carried interest performance distribution of $14,052,963, leading to adjusted net assets for the Limited Partners of $175,183,991.

There are no other contingent liabilities and commitments as at 30 June 2022.

Ultimate General Partner’s Declaration

For the financial period ended 30 June 2022

As stated in Note 2 to the financial statements, in the opinion of the Ultimate General Partner, the Partnership is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet the requirements of the governing documents.

The financial report has been prepared in accordance with Australian Accounting standards and mandatory professional requirements to the extent described in Note 2.

In the Ultimate General Partner’s opinion:

(a) The financial statements and notes set out on pages 3 to 16 are in accordance with the requirements of the Limited partnership deed, and:

   (i) presents fairly the Partnership's financial position as at 30 June 2022 and its performance, as represented by the results of its operations, changes in equity and cash flows, for the year end; and

   (ii) comply with Accounting Standards and mandatory professional reporting requirements as detailed above.

(b) There are reasonable grounds to believe that the Partnership will be able to pay its debts as and when they become due and payable.

For and on behalf of

Anacacia Pty Limited

Jeremy Samuel

Director

Sydney

1 August 2022

Deloitte.

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Independent Auditor's Report to the Limited Partners of Anacacia Private Equity III LP

Opinion

We have audited the financial report, being a special purpose financial report, of Anacacia Private Equity III LP (the "Entity") for the year ended 30 June 2022 including the statement of profit or loss and comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory information, the Ultimate General Partner's declaration.

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the Entity's financial position as at 30 June 2022 and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Entity's Partnership Deed and its accounting policies as described in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the Financial Report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet the financial reporting requirements of the Entity's Partnership Deed. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Limited Partners and should not be distributed or used by parties other than the Limited Partners. Our opinion is not modified in respect of this matter.

Responsibilities of Director for the Financial report

The Director of the Ultimate General Partner (the "Director") is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the Australian Accounting Standards and has determined that the basis of preparation and accounting policies described in Note 2 to the financial report is appropriate to meet the requirements of the Entity's partnership deed and is appropriate to meet the needs of the unit holders. The Director's responsibility also includes such internal control as the Director determines it is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Director is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants

Sydney, 1 August 2022