

**STRATEGIC OPPORTUNITIES
(GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES**

ARSN 668 357 837

**FINANCIAL REPORT
FOR THE PERIOD ENDED
30 JUNE 2024**

STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837

FINANCIAL REPORT
FOR THE PERIOD ENDED
30 JUNE 2024

TABLE OF CONTENTS

	Page
Table Of Contents	i
Directors' Report	1
Auditor's Independence Declaration	7
Financial Report For The Financial Period Ended 30 June 2024	
Consolidated Statement Of Profit & Loss	8
Consolidated Statement Of Financial Position	9
Consolidated Statement Of Changes In Net Assets Attributable To Unitholders	10
Consolidated Statement Of Cash Flows	11
Notes To The Consolidated Financial Statements	12
Declaration By The Directors' Of Responsible Entity	36
Independent Review Report	37

DIRECTORS' REPORT

The Directors of Plantation Capital Ltd (PCL) – the Responsible Entity of the Strategic Opportunities (Growth & Income) Fund (SOGIF or the Fund), an unlisted managed investment scheme, present their report together with the financial statements of the Fund and its controlled entities for the period beginning 14 August 2023 and ended 30 June 2024 (financial period).

This financial report has been prepared in accordance with Australian Accounting Standards.

Principal Activities

The Fund seeks to generate recurrent income returns, with capital growth upside, by investing in a diversified portfolio of interest-earning deposits and securities, strategic efficient assets, and entrepreneurial inefficient investment opportunities. It does not have any employees.

Directors

The Directors of the Responsible Entity during or since the end of the period were:

Stephen (Steve) McKnight – Chairman, Director & Secretary

Chartered Accountant, Bachelor of Business (Accounting), Diploma Financial Services

A qualified chartered accountant and experienced investor, Steve is recognised as one of Australia's foremost authorities on property investment as a means of creating personal wealth. Since buying his first investment property in May 1999, Steve has completed hundreds of property transactions. Presently, his real estate portfolio includes commercial property in Australia, together with a substantial investment in the Fund.

Steve is the co-founder and current Chief Executive Officer of PropertyInvesting.com, a website that educates investors on how to successfully use real estate to create wealth. His first book, *From 0 to 130 Properties in 3.5 Years*, has sold over 200,000 copies. Steve has been featured as an expert investor in the print media, on television and on radio. He has contributed keynote addresses on real estate investing in Australia, New Zealand, Asia, Canada and the USA.

Paul Harper – Managing Director

Master of Entrepreneurship and Innovation, Bachelor of Business (Accounting)

Paul has been assisting individuals to build wealth intelligently for more than 30 years.

While Chief Executive Officer of Jeena Limited – a firm of Chartered Accountants that he co-founded in 1997 and later sold in 2012, Paul chaired the investment committee of an entity that was responsible for more than \$500m of investor capital. He is currently a responsible manager and member of the compliance committee for a \$670m managed fund that owns direct Australian real estate. Paul has considerable experience in setting investment strategies, making portfolio allocations to maximise investor returns, risk and compliance management, accounting, reporting, operations and administration.

DIRECTORS' REPORT (CONT'D)

Directors (Cont'd)

Ewan MacDonald - Director

Bachelor of Arts, Diploma of Law, Diploma of Practical Legal Training

Ewan began his term as a non-executive director on 1 January 2024. He is a highly experienced financial services and managed funds adviser and consultant.

He has previously acted as a director of various AFSL holders, including a responsible entity of registered managed investment schemes offered to retail investors. He has also been the chair and/or external member of a significant number of compliance committees for registered schemes. Ewan was previously the external chair of PCL's compliance committee and now acts as the internal member of that committee.

Ewan's experience includes the establishment and operation of listed and unlisted managed funds, preparation of offer and other fund documents, Australian financial services licensing and compliance implementation and management.

Keith Woodhead – Director (Resigned)

Master of Business Administration, Bachelor of Surveying, Graduate Diploma (Town Planning), licensed Estate Agent

Keith is a highly experienced property professional with specific expertise in numerous property aspects, including acquisitions, disposals, subdivision, leasing, construction, and project and development management. His property-based experience also includes direct property assets and listed and unlisted property trusts across a range of property sectors including rural, residential, retail, industrial and commercial. Keith retired and resigned his directorship on 31 January 2024.

Review & Results of Operations

After SOGIF's minimum subscription amount was achieved on 17 September 2023, the Directors turned their attention to acquiring assets pursuant to SOGIF's investment strategy as outlined in its Product Disclosure Statement (PDS). Pleasingly, at period end financial and investment property assets with a fair market value of \$79,102,237 had been acquired, with income received from them facilitating a distribution of 2.04 cents per unit.

Profit

SOGIF recorded a loss after income tax for the financial period of \$1,340,488. However included in this result were one-time property acquisition costs of \$3,908,560 (i.e. stamp duty, legal fees, due diligence costs and responsible entity acquisition fees) that Australian Accounting Standards require to be written off as an expense in the Profit & Loss Statement rather than being capitalised into the asset's cost.

Inefficient Asset Acquisitions

Pleasingly, eight investment properties with a total contract purchase price of \$49,265,200 were acquired during the period. The fair value of those assets at period end was \$49,417,769. See Note 9 on page 28 for more information.

DIRECTORS' REPORT (CONT'D)

Review of Operations & Financial Results (Cont'd)

Efficient Asset Acquisitions

During the financial period the Fund acquired managed funds at a cost of \$29,907,402. Reflecting the \$527,174 of distributions declared in June (which had the effect of lowering the price of those investments), the fair value of SOGIF's efficient assets at period end was \$29,684,468. See Note 8 on page 27 for more information.

Units & Unit Price

There is only one class of issued units, the rights and entitlements thereof are detailed in the Fund's PDS and Constitution. As at 30 June 2024, 98,828,870 units had been issued. The unit issue price, after the June distribution of 2.04 cents was declared, at 30 June 2024 was \$1.0024; the unit redemption price was \$0.9350. The unit redemption price is less than the unit issue price because it includes an allowance for sale transaction costs that would be incurred if investment properties were sold.

Distributions

The following distributions were declared during the period:

- A distribution of \$102,385 representing interest earned prior to the minimum subscription being achieved (i.e. before 1 October 2023) was paid on 23 October 2023; and
- A distribution of \$2,016,109, being 2.04 cents per unit was declared on 28 June 2024 and paid on 30 July 2024.

Fees Paid To and Interests Held By the Responsible Entity

The following fees were paid by the Fund to the Responsible Entity during the period:

	Period Ended 30 June 2024
	\$
One-time acquisition Fees	952,404
Performance Fees	248,388
Total Shown As Expense	1,200,792
Expense Reimbursements	267,475
Total Fees & Reimbursements	<u>1,468,267</u>

Acquisition and performance fees are paid to the Responsible Entity to execute the investment strategy as outlined in the PDS dated 26 March 2024. Expense reimbursements relate to costs incurred by the Fund but paid by the Responsible Entity and later reimbursed to the Responsible Entity. Given the Fund is newly established, most of the start up and initial expenses were paid by the Responsible Entity and then reimbursed from the Fund.

STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
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DIRECTORS' REPORT (CONT'D)

Related Party Transactions

Details of holdings in the Fund by the Responsible Entity, directors, key personnel and their related entities are set out as below:

Units In The Fund Held By Related Parties

	# Units Held At 30 June 2024
Stephen McKnight (Director) & His Related Parties	8,286,600
Paul Harper (Director) & His Related Parties	9,801
	8,296,401

Included in Stephen McKnight's related parties is an investment in the Fund made by Plantation Capital Limited (Responsible Entity of the Fund) of 6,324,518 units.

	Value of Units Held At 30 June 2024 \$
Stephen McKnight (Director) & Associated Parties	7,747,971
Paul Harper (Director) & Associated Parties	9,164
	7,757,135

The value of units is calculated using the unit redemption price of \$0.9350.

Included in Stephen McKnight's related parties is an investment in the Fund made by Plantation Capital Limited (Responsible Entity of the Fund) of \$5,913,424.

Gross Distributions Paid During The Period

	Financial Period Ended 30 June 2024 \$
Stephen McKnight (Director) & Associated Parties	14,851
Paul Harper (Director) & Associated Parties	-
	14,851

Included in Stephen McKnight's related parties is a distribution in the Fund made by Plantation Capital Limited (Responsible Entity of the Fund) of \$12,949.

DIRECTORS' REPORT (CONT'D)

Withdrawals

No withdrawals occurred during the financial period.

Value of Scheme Assets

The value of SOGIF's assets at 30 June 2024 was \$102,942,449. The basis of valuation was as required by Australian accounting standards, and is a mix of 'at cost' and 'at fair market value'.

Number of Investors (Interests)

There were 950 investors (i.e. interests) in SOGIF at 30 June 2024.

Derivatives & Other Financial Instruments

The Fund's investments expose it to changes in interest rates as well as credit and liquidity risk. The Directors have approved policies and procedures in each of these areas to manage these exposures. The Fund does not speculatively trade derivatives and only contemplates utilising derivatives to manage the risk and return of the Fund's investments.

Likely Developments & Expected Results of Those Operations

Other than a possible change in responsible entity for administrative purposes (i.e. with no change to personnel or roles), the Fund expects to continue to build its investment portfolio by acquiring strategic efficient assets, and entrepreneurial inefficient opportunities, that generate income and growth returns pursuant to its PDS dated 26 March 2024.

Significant Changes in State of Affairs

Other than what has been outlined in this report, there has not been any other significant changes in the state of affairs.

Subsequent Events

Purchase of Investment Property

The following investment property was under a contract for acquisition at the date of this report:

	Contract Price	
	\$	Status
Cnr Ruby & Emerald Sts, Emerald QLD	2,450,000	Conditional

Issue Of Units

After the end of the financial period to the date of this report, an additional 10,679,774 units were issued (excluding transfers). Of those units, the following were issued to related parties:

DIRECTORS' REPORT (CONT'D)

Subsequent Events (Cont'd)

Issue Of Units (Cont'd)

	<u># Units</u>
Stephen McKnight (Director) & His Related Parties	2,530,242
Paul Harper (Director) & His Related Parties*	-
	<u>2,530,242</u>

The units were issued at the prevailing unit issue price applicable to all investors.

* In August 2024 Paul Harper and his related parties submitted applications totalling \$450,000 for units in the Fund. Units had yet to be issued at the date of this financial report.

Environmental Regulation

The Fund's operations are not subject to any significant environmental regulations under Australian Commonwealth, State or Territory Legislation.

Indemnification and Insurance of Officers and Auditors

The Responsible Entity has entered into an insurance policy to indemnify all directors and officers of the Responsible Entity, to an amount of \$5,000,000, against any liability arising from a claim brought against the company and the directors by a third party for the supply of inappropriate services or advice. The agreement provides for the insurer to pay all damages and costs which may be brought against the directors. The Fund has not indemnified any auditor of the Fund.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included in this report. No officer of the Company is or has been a partner/director of any auditor of the Company.

The report is made in accordance with a resolution of the Directors.



Stephen McKnight

Chairman

Melbourne: 16th September 2024

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PLANTATION CAPITAL LIMITED, THE RESPONSIBLE ENTITY
OF STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND**

I declare that, to the best of my knowledge and belief, during the period 14 August 2023 to 30 June 2024, there have been:

- i. no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



G S DAKIS
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria

16 September 2024



Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants

STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837

**CONSOLIDATED STATEMENT OF PROFIT & LOSS
FOR THE PERIOD ENDED 30 JUNE 2024**

	Note	Period Ended 30 June 2024 \$
Revenue	3	
Interest Income		1,761,037
Distributions & Dividends from Financial Assets		611,868
Fair Value Gains on Investment Property	4, 9	150,000
Rental Income from Investment Property		1,449,842
Other income		958
Total Revenue		3,973,705
Expenses		
Amortisation Set Up Costs		(43,658)
Audit	16	(62,817)
Compliance & Reporting Consultants		(188,756)
Direct Property Expenses Investment		(331,394)
Interest Expense		(41,252)
Property Acquisition Costs Responsible Entity		(3,974,608)
Performance Fees	20	(248,388)
Other Expenses		(12,807)
Total Expenses		(5,314,193)
(Loss) Before Tax		(1,340,488)
Income Tax Expense	1(i)	-
(Loss) After Income Tax		(1,340,488)

The above statement should be read in conjunction with the accompanying notes.

STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	30 June 2024 \$
Current Assets		
Cash & Cash Equivalents	5	22,606,805
Receivables	6	845,746
Other Assets	7	69,083
Total Current Assets		23,521,634
Non-Current Assets		
Financial Assets	8	29,684,468
Investment Property	9	49,417,769
Other Assets	7	318,578
Total Non-Current Asset		79,420,815
Total Assets		102,942,449
Current Liabilities		
Distributions Payable	11	2,016,109
Financial Liabilities	12	4,871,504
Provisions	13	35,825
Trade & Other Payables	14	173,960
Other Liabilities		3,366
Total Current Liabilities		7,100,764
Non-Current Liabilities		
Trade & Other Payables	14	192,149
Total Non-Current Liabilities		192,149
Total Liabilities		7,292,913
Net Assets		95,649,536
Net Assets Attributable To Unitholders		
Unitholders' Funds	17	99,108,518
Undistributed Income		(3,458,982)
Total Net Assets Attributable To Unitholders		95,649,536

The above statement should be read in conjunction with the accompanying notes.

STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNIT HOLDERS
FOR THE PERIOD ENDED 30 JUNE 2024**

30 June 2024 Consolidated Entity	Note	Unitholders' Funds \$	Distributions Paid/Payable \$	Total Equity \$
Balance At 14 August 2023		-	-	-
Net (Loss) attributable to Unitholders		-	(1,340,488)	(1,340,488)
Transactions With Unitholders				
Applications & Reinvestments	17	99,108,518	-	99,108,518
Distributions	11	-	(2,118,494)	(2,118,494)
		99,108,518	(2,118,494)	96,990,024
Balance At 30 June 2024		99,108,518	(3,458,982)	95,649,536

The above statement should be read in conjunction with the accompanying notes.

STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024**

	Note	Period Ended 30 June 2024 \$
Cash Flows From		
Operating Activities		
Interest Paid		(41,252)
Interest Received		1,694,994
Payments To Suppliers		(1,020,700)
Performance Fee Paid To Responsible Entity		(201,884)
Receipts From Customers		1,250,996
Net Cash Provided By Operating Activities	15	1,682,154
Cash Flows From		
Investing Activities		
Acquisition Fee Paid To Responsible Entity		(952,404)
Capital Expenditure on Investment Property		(2,569)
Purchase Of Financial Assets		(29,907,401)
Purchase Of Investment Property		(52,064,471)
Security Deposits		192,149
Net Cash Used In Investing Activities		(82,734,696)
Cash Flows From		
Financing Activities		
Application Money Pending Allotment		4,871,504
Distributions Paid		(102,385)
Issuing Units		99,108,518
Set Up Costs		(218,290)
Net Cash Provided By Financing Activities		103,659,347
Net Increase In Cash And Cash Equivalents		22,606,805
Cash At Beginning Of The Financial Period		-
Cash At The End Of The Financial Period		22,606,805

The above statement should be read in conjunction with the accompanying notes.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES

The following is a summary of material accounting policies adopted by the Fund in the preparation and presentation of this financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis Of Preparation Of The Financial Report

This financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards, interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This financial report has been prepared for the Fund as a consolidated Group. The Fund is a for-profit entity for the purpose of preparing this financial report. The responsible entity of the Fund is Plantation Capital Limited (the Responsible Entity). Unless otherwise noted, the financial report is presented in Australian currency.

The Fund's objective is to generate growth and income returns by investing in a diversified portfolio of interest-earning deposits and securities, strategic efficient assets (noted in this financial report as Financial Assets) and entrepreneurial inefficient investment opportunities (noted in this financial report as Investment Property) in accordance with the objectives disclosed in the Fund's PDS dated 26 March 2024.

The financial report was authorised for issue by the Directors of the Responsible Entity as at the date of the Directors' report.

Compliance with IFRS

This financial report of the Fund complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

This financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Critical accounting estimates

The preparation of this financial report requires the use of certain estimates and judgements in applying the Fund's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Principles Of Consolidation

The Fund acquires direct investment property assets via wholly owned Special Purpose Vehicles (SPVs).

A controlled entity is any entity controlled by the Fund. Control exists where the Fund has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the Fund to achieve the objectives of the Group.

These notes form part of the financial statements.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(b) Principles Of Consolidation (Cont'd)

The Fund and its controlled entities together are referred to in this financial report as the consolidated entity and the Fund. All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Where control of an entity is obtained during a financial period, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial period its results are included for that part of the period where control existed.

(c) Income & Expenses

Revenue is recognised on an accruals basis to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

(d) Distributions

A provision is made for the amount of any distribution declared, determined or publicly recommended by the Directors on or before the end of the period, but not yet paid at reporting date. The distribution amount payable to Unitholders as at period end is recognised separately as a liability in the statement of financial position.

(e) Investment Property

Investment properties are properties primarily held to earn rental income returns, although capital appreciation may occur over time. Investment properties are stated at fair value.

External, independent valuers, having an appropriate recognised professional qualifications and relevant experience in the location and category of property, value the Fund's investment properties in accordance with the Responsible Entity's valuation policy. External valuations are taken into consideration when determining fair value. Recent transactions for similar assets and investors' required returns (property capitalisation rates) are considered when adopting a valuation. Unless noted otherwise, the Directors believe an investment property's fair value was either: (i) its purchase cost plus any capital expenditure, or (ii) independent appraiser's assessment of fair market value plus any capital expenditure post the valuation date. Any gain or loss is recognised in the income statement as a movement in fair market value. Acquisition expenses are initially added to an investment property's cost, and then written off as a reduction in fair value in the statement of profit and loss.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(f) Leases (Fund as lessor)

The Fund leases industrial and retail premises to generate long-term rental yields.

Upon entering into each rental agreement as a lessor, the Fund assesses if the lease is a finance or operating lease.

The lease is classified as a finance lease when the terms of the agreement substantially transfer all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. All the Fund's leases were operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg, legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Fund uses the relative stand-alone price to allocate the consideration under the contract to the lease and non-lease components.

(g) Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in *AASB 15 Revenue from Contracts with Contractors*.

Classification and subsequent measurement

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

Financial liabilities

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which *AASB 3: Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship that is recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses are taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through profit or loss; or
- fair value through other comprehensive income.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

Classification and subsequent measurement (Cont'd)

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Fund initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

Classification and subsequent measurement (Cont'd)

Impairment

The Fund recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Fund uses the following approaches to impairment, as applicable under *AASB 9: Financial Instruments*:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Fund assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Fund measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

Impairment (Cont'd)

Simplified approach (Cont'd)

- trade receivables or contract assets that result from transactions within the scope of *AASB 15: Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Fund measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss. Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg. default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Fund assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Fund applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

Impairment (Cont'd)

Low credit risk operational simplification approach (Cont'd)

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Fund recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period. For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(h) Unitholder Funds

Units issued by the Fund are redeemable at the option of the unitholder (“puttable”) per the procedure outlined in the PDS dated 26 March 2024. As units satisfy all criteria for recognition as puttable financial instruments under paragraphs 16A and 16B of *AASB 132: Financial Instrument: Presentation*, Unitholders’ funds are presented as equity.

(i) Distributions & Taxation

Under current Australian income tax legislation, the Fund is not subject to income tax provided the taxable income of the Fund is fully attributed (i.e. unitholders are presently entitled to the income of the Fund). The Fund’s Constitution requires that all taxable income be attributed to Unitholders each year.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Distributions & Taxation (Cont'd)

Section 10 of the PDS dated 26 March 2024 provides a summary of the Australian taxation laws and expected taxation treatment of the various returns in the hands of the Fund and its investors.

(j) Determination Of Application And Redemption Prices

Issue and redemption unit prices are determined pursuant to the Fund's Constitution and are calculated using the value of net tangible assets attributable to Unitholders, less any adjustment for transaction costs, divided by the number of units on issue.

(k) Goods And Services Tax (GST)

Management fees and other expenses are recognised net of goods and services tax (GST), adjusted for reduced input tax credits as applicable, recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from, or payable to, the ATO is included in the statement of financial position.

(l) Comparative Figures

As this is the Fund's first year end financial period (i.e. from 14 August 2023 until 30 June 2024), there are no comparative figures.

(m) Adoption of new and revised accounting standards

The Fund 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. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Fund.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into this financial statement 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 Fund. These are discussed below:

Investment Property

The Directors assess valuations on an ongoing basis and at the end of each reporting period by evaluating the conditions and events specific to the Fund's investment properties that may be indicative of significant changes in valuations or triggers thereof. Recoverable amounts of relevant assets are reassessed which incorporate various key assumptions.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Investment Property (Cont'd)

The fair values of investment properties are reviewed periodically with reference to the property's purchase price, capital expenditure during the period and latest external independent property appraiser's report, excluding transaction costs. The critical assumptions underlying the Responsible Entity's estimates of fair values relate to the receipt of contractual rents, expected future market rentals, maintenance requirements and discount rates that reflect current market uncertainties. If there is any change in these assumptions or regional or national economic conditions, the fair value of investment properties may differ.

Financial Assets & Financial Liabilities

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

NOTE 3: REVENUE

	Period Ended 30 June 2024
	\$
Dividends & Distributions (from financial assets)	611,868
Interest	1,761,037
Rendering of Services (rental income from investment property)	<u>1,449,842</u>

NOTE 4: FINANCIAL RISK MANAGEMENT

The Fund may be exposed to a variety of financial risks comprising:

- | | | |
|-----------------------|-------------------|------------------------|
| (a) Market Price Risk | (b) Currency Risk | (c) Liquidity Risk |
| (d) Fair Values Risk | (e) Credit Risk | (f) Interest Rate Risk |

The Board of Directors of the Responsible Entity has the overall responsibility for identifying and managing operational and financial risks. The Fund held the following financial instruments at balance date:

	2024
	\$
Financial Assets	
Cash & Cash Equivalents	22,606,805
Managed Funds	29,684,468
Receivables	<u>851,756</u>
	<u>53,143,029</u>

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 4: FINANCIAL RISK MANAGEMENT (CONT'D)

	2024 \$
Financial Liabilities	
(excluding net assets attributable to Unitholders)	
Distributions Payable	2,016,109
Other liabilities	192,149
Trade & Other Payables	173,960
	2,382,218

(a) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market price (except that arising from interest rate or currency risk).

(b) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate with changing exchange rates. The Fund, via its managed fund investments, invests in financial instruments that have exposure to international currencies, and are hedged to approximately 50% of the foreign currency exposure. At balance date, the carrying value of the Fund's financial assets that are exposed to foreign currency movements expressed in AUD and as a percentage of its net assets was as follows:

	2024 \$	
	\$	% of net assets
Financial Assets		
With Exposure To		
Foreign Currencies	9,069,065	9.48%

Market Derivatives

The Fund utilises a built in hedging facility in the managed fund platform to hedge approximately 50% of that managed fund's exposure to foreign currency.

Sensitivity

If foreign exchange rates were to increase/decrease by 10% from rates as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the period and net assets attributable to Unitholders is as follows:

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 4: FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Currency Risk (Cont'd)

	2024	
	\$	
	+10%	-10%
Impact on profit allocated to Unitholders	(9,758)	9,758
Impact on net assets attributable to Unitholders	(37,104)	37,104

(c) Liquidity Risk

Given the Fund predominately invests in real estate, which is an illiquid asset, there is no guarantee that the Responsible Entity will be able to honour every redemption request in full. There is also a risk that the Fund will be unable to meet redemption requests in a timely manner and that they may be scaled back. In the event the Fund is wound up and required to dispose assets, the Fund may not be able to realise sufficient assets in a timely manner or at an optimal price. This may affect the Responsible Entity's ability to return capital to Unitholders.

The liquidity risk associated with redemptions is managed by the redemption policy as disclosed on the Fund's website at www.sogif.au. The Responsible Entity manages this risk by ensuring there are sufficient liquid assets to meet operating debt and other obligations. For instance, the Responsible Entity permits borrowings of up to 60% of a property's value.

Maturity Analysis

The following table represents the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

30 June 2024	< 1 Year	1-5 Years	> 5 Years	Total
Anticipated Outflows				
Financial Liabilities Due				
Distributions Payable	(2,016,109)	-	-	(2,016,109)
Other liabilities	-	(192,149)	-	(192,149)
Trade & Other Payables	(173,960)	-	-	(173,960)
	(2,190,069)	(192,149)	-	(2,382,218)
Anticipated Inflows				
Financial Assets				
Cash and Cash Equivalents	22,606,805	-	-	22,606,805
Financial Assets	-	-	29,684,468	29,684,468
Receivables	851,756	-	-	851,756
	23,458,561	-	29,684,468	53,143,029
Net Inflow	21,268,492	(192,149)	29,684,468	50,760,811

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 4: FINANCIAL RISK MANAGEMENT (CONI)

(c) Liquidity Risk (Cont'd)

Puttable Financial Instruments

Units issued by the Fund are redeemable at the option of the unitholder (“puttable”) as per the procedure outlined in the Fund’s PDS date 26 March 2024. As the units satisfy all relevant criteria for recognition as puttable financial instruments under *AASB 132 Financial Instruments Presentation*, Unitholders’ Funds are presented as equity (rather than financial liabilities). Consequently, the liquidity risk disclosures do not include contractual or expected cash flow information in respect of the units.

(d) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to meet contractual obligations. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities as they are marked to market. The total credit risk for Financial Position items including fixed income and equity securities is therefore limited to the amount carried on the Statement of Financial Position.

(e) Fair Value Measurement

Financial assets and liabilities measured and recognised at fair value have been determined using the following fair value measurement hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities. Fair value of listed equity securities is determined at the quoted closing bid price.
- Level 2: Input other than quoted prices, observable for the assets or liabilities, either directly or indirectly. Fair value of derivatives is determined at quoted prices from financial institutions at balance date.
- Level 3: Inputs are not based on observable market data. Unlisted securities have unobservable inputs. Fair value is established using valuation techniques as described in Note 1(e) and Note 2.

Due to the short term nature of settlement, carrying amounts of trade and other receivables, trade and other payables, and distributions payable are approximate fair values. Fair value of financial assets (i.e. managed funds) have been determined using Level 1 inputs; inefficient assets (i.e. investment properties as disclosed in Note 9) have been determined using Level 3 inputs.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 4: FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair Value Measurement Cont'd)

	Fair Value Measurement At 30 June 2024			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets At Fair Value				
Through Profit and Loss				
Efficient Assets				
(Managed Funds)	29,684,468	-	-	29,864,468
Inefficient Assets				
(Direct Investment Property)	-	-	49,417,769	49,417,769
	<u>29,684,468</u>	<u>-</u>	<u>49,417,769</u>	<u>79,282,237</u>

**Reconciliation Of Level 3
Fair Value Instruments**

	2024
	\$
Investment Properties	
Opening Balance	-
Contract Purchase Price	49,265,200
Purchase Costs*	3,974,608
Movement FMV In Profit & Loss (write off of purchase costs)	(3,974,608)
Movement FMV In Profit & Loss (change property fair value)	150,000
Capital Expenditure	2,569
Closing Balance	<u>49,417,769</u>

* Purchase costs include due diligence costs, legal fees, stamp duty and responsible entity acquisition fees. They were initially capitalised and then subsequently expensed in the profit and loss statement via a negative movement in fair value.

Valuation Techniques Used	Inputs Used To Measure Fair Value	FV Sensitivity To Increase In Inputs	FV Sensitivity To Decrease In Inputs
Income capitalisation & sales comparison approach	Projected net operating income per management	Increase	Decrease
	Capitalisation rates	Decrease	Increase

Income Capitalisation Approach analyses a property's income producing capabilities. Valuation techniques employed in this approach are discounted cash flow and direct capitalisation analysis. The Sales Comparison Approach is based on the assumption that a prudent buyer would not pay more for a property than it would cost to acquire a comparable substitute property. Property valuations are conducted in accordance with the Fund's valuation policy.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 4: FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Interest Rate Risk

The Fund's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and liabilities at balance date is as follows:

30 June 2024	Interest Bearing	Non- Interest Bearing	Total Carrying Amount	Weighted Average Effective Interest Rate	Fixed / Variable Rate
	\$'000	\$'000	\$'000		
Financial Assets					
Cash & Cash					
Equivalents	22,607	-	22,607	4.32%	Variable
Managed Funds	-	29,684	29,684		
Receivables	-	852	852		
Total Financial Assets	22,607	30,536	53,143		
Financial Liabilities					
Trade Creditors	-	(173)	(173)		
Distribution Payable	-	(2,016)	(2,016)		
Unallotted Units	-	(4,872)	(4,872)		
Other Liabilities	-	(192)	(192)		
Total Financial Liabilities	-	(7,253)	(7,253)		
Net Financial Assets	22,607	23,283	45,890		

Sensitivity

The impact of an increase or decrease in interest rates by 100 basis points (a decrease would mean effective interest rate is zero) is as follows:

	2024	
	+100bps	-100bps
Impact on profit before finance costs allocated to Unitholders	40,772	(40,772)
Impact on net assets attributable to Unitholders	40,772	(40,772)

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

	2024
	\$
NOTE 5: CASH & CASH EQUIVALENTS	
Applications Account	4,866,418
Operations Account	17,740,387
	22,606,805
NOTE 6: RECEIVABLES	
Interest Owing	66,043
Trade Debtors	252,529
Distributions Receivable	527,174
	845,746
NOTE 7: OTHER ASSETS	
Current Assets	
Prepayments	69,083
Non-Current Assets	
Set Up Costs	218,290
Less Amortisation	(43,658)
	174,632
Straight-line Rental Asset	143,946
	318,578
NOTE 8: FINANCIAL ASSETS	
Dimensional Funds Australia	
Australian Core Equity Trust	9,515,636
Emerging Markets Value Trust	1,588,162
Global Core Equity AUD Hedged Trust	7,258,910
Global Core Equity AUD Un-Hedged Trust	2,365,156
Global Small Company Trust	1,321,119
Global Value Trust	1,687,266
	23,736,249
Vanguard	
Australian Share High Yield	2,363,020
MSCI Index International AUD Hedged	1,765,137
MSCI Index International	1,820,062
	5,948,219
Total Financial Assets	29,684,468

These accompanying notes form part of these financial statements

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

	2024 \$
NOTE 9: INVESTMENT PROPERTY	
Balance At Beginning Of The Period	-
Acquisitions	49,265,200
Disposals	-
Capital Expenditure	2,569
Fair Value Adjustments	150,000
Balance At End Of The Period	49,417,769
Queensland	
134 Kent St, Rockhampton	6,250,000
2/209 Leitchs Rd, Brendale	8,627,569
210 Musgrave St, Beserker	7,200,000
62 Gladstone Rd, Allenstown	325,000
66 Gladstone Rd, Allenstown	2,000,000
68 Pimpama Jacobs Well Rd, Pimpama	7,225,000
	31,627,569
Victoria	
1 Prestige Place, Narre Warren	10,250,000
Tasmania	
24-28 Main Road, Moonah	7,540,200
Total Investment Property	49,417,769

Fair Market Value

All investment properties were carried at their Director assessed fair market values. With the exception of 62 Gladstone Road, Allenstown QLD a property's assessed fair market value was based on the valuation of an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued, plus capital expenditure. In the case of 62 Gladstone Road, Allenstown QLD a cost:benefit analysis was undertaken and given its low purchase price, no third party valuation was undertaken. Instead, its fair market value was assessed as its contract purchase price, plus capital expenditure.

NOTE 10: RENTAL INCOME

The Fund leases its investment properties which comprises industrial and retail premises, and has entered into operating leases for periods of between 2 to 12 years. Some leases do not include extension options. There is no lease income of a variable lease nature that depends on an index or a rate. There is no foreign currency risk exposure for the Fund as all leases are in Australian dollars.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

2024
\$

NOTE 10: RENTAL INCOME (CONT'D)

The undiscounted lease payments expected to be received in the future on the leases of investment properties are:

Less than 1 year	3,625,363
1 to 2 Years	3,721,026
2 to 3 Years	3,222,981
3 to 4 Years	2,362,803
4 to 5 Years	1,970,746
Later than 5 Years	5,820,179
	<u>5,820,179</u>

NOTE 11: DISTRIBUTIONS

Distributions Paid	102,385
Distributions Payable	2,016,109
	<u>2,118,494</u>

NOTE 12: FINANCIAL LIABILITIES

Unallotted Units	<u>4,871,504</u>
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NOTE 13: PROVISIONS

Audit Fees	26,825
Custodian Fees	9,000
	<u>35,825</u>

NOTE 14: TRADE & OTHER PAYABLES

Current Liabilities

Accrued Expenses	2,193
Performance Fee Payable	46,504
Prepaid Rent & Rent Incentive	108,611
Trade Creditors	16,652
	<u>173,960</u>

Non-Current Liabilities

Security Deposits	<u>192,149</u>
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**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

2024
\$

NOTE 15: CASH FLOW INFORMATION

Reconciliation of net cash provided by operating activities to net operating profit:	
Net (Loss) After Tax	(1,340,488)
Add / (Less) Non-Cash Items:	
Amortisation of Set Up Costs	43,658
Movement in Fair Market Value	3,824,608
(Increase) in Receivables	(845,746)
(Increase) in Other Assets	(213,029)
Increase in Trade Payables	173,960
Increase in Provisions	35,825
Increase in Other Liabilities	3,366
Net Cash Provided By Operating Activities	<u>1,682,154</u>

NOTE 16: AUDITORS REMUNERATION

Amounts Paid and Payable to the Auditors	<u>62,817</u>
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NOTE 17: UNITHOLDERS' FUNDS

Opening Balance	-
New Applications & Top Ups	99,006,133
Reinvested Distributions	<u>102,385</u>
Closing Balance	<u>99,108,518</u>

The units are redeemable on terms outlined in the Fund's PDS. Each unit represents a right to a proportional share of the net assets of the Scheme. All units have the same rights attaching to them (identical features). The total expected returns to the holders over the life of the units are based on the profit or loss of the Fund. These units are the only class of instruments issued by the Fund. Therefore, the Fund has issued no other classes of financial instruments that rank above the units. The units contain no other contractual obligations.

Capital Management

The capital structure of the Fund consists of cash and cash equivalents and the proceeds from the issue of the units of the Fund. The Responsible Entity aims to ensure that there is sufficient capital on hand to meet normal levels of demand for unit redemption, the first of which will not occur until after 31 December 2024. The Fund has no restrictions or specific capital requirements on the application and redemption of units.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

2024
\$

NOTE 18: PARENT ENTITY INFORMATION

(a) Parent Entity

The parent entity of the Group is the Strategic Opportunities (Growth & Income) Fund, ARSN 668 357 837.

(b) Financial Information

Income Statement Information

Net profit attributable to Unitholders of the parent entity

1,830,509

Statement of Financial Position Information

Current Assets	23,737,965
Non-Current Assets	81,996,229
Current Liabilities	(6,913,660)
Net Assets	98,820,534

Unitholders Funds	99,108,518
Undistributed Profits	(287,984)
Total Equity	98,820,534

NOTE 19: CONTROLLED ENTITIES

	Date Acquired	% Owned
Entities controlled by the Fund during the period were:		
66 Gladstone Road Allenstown Pty Ltd ATF 66 Gladstone Road Allenstown Unit Trust	25 October 2023	100%
209 Leitchs Road Brendale Pty Ltd ATF 209 Leitchs Road Brendale Unit Trust	15 December 2023	100%
24 Main Road Moonah Pty Ltd ATF 24 Main Road Moonah Unit Trust	15 December 2023	100%

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 19: CONTROLLED ENTITIES (CONT'D)

	<u>Date Acquired</u>	<u>% Owned</u>
Entities controlled by the Fund during the period were:		
68 Pimpama Jacobs Well Road Pimpama Pty Ltd ATF 68 Pimpama Jacobs Well Road Pimpama Unit Trust	10 January 2024	100%
1 Prestige Place Narre Warren Pty Ltd ATF 1 Prestige Place Narre Warren Unit Trust	28 March 2024	100%
134 Kent Street Rockhampton Pty Ltd ATF 134 Kent Street Rockhampton Unit Trust	29 April 2024	100%
210 Musgrave Street Berserker Pty Ltd ATF 210 Musgrave Street Berserker Unit Trust	7 May 2024	100%

NOTE 20: RELATED PARTY TRANSACTIONS

The Responsible Entity of the Fund is Plantation Capital Limited (PCL) (ABN 65 133 678 029, AFSL 339481).

Key Management Personnel

The Directors of the Responsible Entity during the financial period were:

Stephen McKnight
Paul Harper
Ewan MacDonald (appointed 1 January 2024)
Keith Woodhead (resigned on 29 January 2024)

Directors are not entitled to any equity interests in the Fund, or any rights to or options for equity interests in the Fund, as a result of the remuneration provided by the Responsible Entity. Prior to his resignation, Keith Woodhead, as Compliance Director was remunerated \$6,000 for providing compliance services. After his appointment, Ewan McDonald was remunerated \$1,667 for providing compliance services. These fees were paid by PCL and reimbursed by the Fund.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 20: RELATED PARTY TRANSACTIONS (CONT'D)

Fees Paid To and Interests Held By the Responsible Entity

The following fees (net of GST) were paid to the Responsible Entity out of the Fund assets during the financial period:

	Period Ended 30 June 2024
	\$
Acquisition Fees	952,404
Performance Fees	248,388
Total fees	<u>1,200,792</u>
Other Expense Reimbursements	<u>327,891</u>

Acquisition fees are a one-time cost when an investment property is acquired. No acquisition fees are payable on the purchase of managed funds, nor on any property investment analysed but not acquired. Expense reimbursements relate to Fund costs paid by the Responsible Entity on behalf of the Fund, and reimbursed by the Fund.

Related Party Investments Held By the Fund

The Fund has no investment in the Responsible Entity.

Except as noted on the next page, none of the Directors, or Director related entities held units in the Fund, directly, indirectly or beneficially. The Responsible Entity or its Director-related entities may invest in or withdraw from the Fund on the same terms and conditions as applicable to other investors.

Units In The Fund Held By Related Parties

	# Units Held At 30 June 2024
Stephen McKnight (Director) & His Related Parties	8,286,600
Paul Harper (Director) & His Related Parties	9,801
	<u>8,296,401</u>

Included in Stephen McKnight's related parties is an investment in the Fund made by Plantation Capital Limited (Responsible Entity of the Fund) of 6,324,518 units.

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 20: RELATED PARTY TRANSACTIONS (CONT'D)

	Value of Units Held At 30 June 2024 \$
Stephen McKnight (Director) & His Related Parties	7,747,971
Paul Harper (Director) & His Related Parties	9,164
	7,757,135

The value of units is calculated using the unit redemption price of \$0.9350.

Included in Stephen McKnight's related parties is an investment in the Fund made by Plantation Capital Limited (Responsible Entity of the Fund) of \$5,913,424.

Gross Distributions Paid During The Period

	Financial Period Ended 30 June 2024 \$
Stephen McKnight (Director) & Associated Parties	14,851
Paul Harper (Director) & Associated Parties	-
	14,851

Included in Stephen McKnight's related parties is a distribution in the Fund made by Plantation Capital Limited (Responsible Entity of the Fund) of \$12,949.

NOTE 21: SUBSEQUENT EVENTS

Purchase Of Investment Property

The following investment property was placed under a contract for acquisition:

	Contract Price \$	Status
Cnr Ruby & Emerald Sts, Emerald QLD	2,450,000	Conditional

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (CONT'D)**

NOTE 21: SUBSEQUENT EVENTS (CONT'D)

Issue Of Units

After the end of the financial period to the date of this report, an additional 10,679,774 units were issued (excluding transfers). Of those units, the following were issued to related parties:

	<u># Units</u>
Stephen McKnight (Director) & His Related Parties	2,530,242
Paul Harper (Director) & His Related Parties*	-
	<u>2,530,242</u>

The units were issued at the prevailing unit issue price applicable to all investors.

* In August 2024 Paul Harper and his related parties submitted applications totalling \$450,000 for units in the Fund. Units had yet to be issued at the date of this financial report.

NOTE 22: COMMITMENTS AND CONTINGENCIES

Apart from the potential investment property acquisitions outlined in Note 20, there were no commitments or contingencies to report.

NOTE 23: RESPONSIBLE ENTITY DETAILS

Plantation Capital Limited's registered office and contact details are:

Registered Office	Postal Address	Other Details
2 / 271 PARA RD GREENSBOROUGH VIC. 3088 AUSTRALIA	PO BOX 532 CANTERBURY VIC. 3126 AUSTRALIA	P: 03 8592 0270 F: 03 8592 0276 W: www.sogif.au E: admin@sogif.au

**STRATEGIC OPPORTUNITIES (GROWTH & INCOME) FUND
AND CONTROLLED ENTITIES
ARSN 668 357 837**

DIRECTOR'S DECLARATION

In the opinion of the Directors of Plantation Capital Limited, the Responsible Entity of Passive Income Fund:

1. The financial statements and notes as set out on pages 8 to 35, are in accordance with the Corporations Act 2001 and:
 - (a) Comply with Accounting Standards in Australia and the Corporations Regulations 2001;
 - (b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
 - (c) Give a true and fair view of the financial position of the Fund as at 30 June 2024 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a Resolution of the Directors of the Responsible Entity, Plantation Capital Limited.



Stephen McKnight

Chairman

Melbourne: 16th September 2024

VICTORIA

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF STRAGIC OPPORTUNITIES (GROWTH AND INCOME) FUND

Opinion

We have audited the accompanying financial report of Strategic Opportunities (Growth & Income) Fund (**the Fund**), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income for the period 14 August 2023 to 30 June 2024, the statement of changes in net assets and the statement of cash flows for the period then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion:

- a. the financial report of Strategic Opportunities (Growth & Income) Fund is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the period ended; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other Information

The directors of the responsible entity are responsible for the other information. The other information comprises the information included in the Fund's annual report of the period ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.



G S DAKIS
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria

16 September 2024



Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants