

Dexus Core Infrastructure Fund

**Financial Report
31 December 2023**

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Dexus Core Infrastructure Fund was formed and domiciled in Australia. Dexus Capital Funds Management Limited (formerly known as AMP Capital Funds Management Limited) is the Responsible Entity for Dexus Core Infrastructure Fund. Dexus Capital Funds Management Limited is a wholly owned subsidiary of Dexus Holdings Pty Limited (DXH) which forms part of the Dexus Listed Group (DXS).

The registered office of the Responsible Entity is Level 30, 50 Bridge Street, Sydney, NSW 2000.

Directors' Report

The Directors of Dexus Capital Funds Management Limited (formerly known as AMP Capital Funds Management Limited) (the Responsible Entity) as Responsible Entity of Dexus Core Infrastructure Fund (the Fund), present their Directors' Report together with the Financial Statements for the year ended 31 December 2023.

Directors

The following persons were Directors of Dexus Capital Funds Management Limited at all times during the year and to the date of this Directors' Report, unless otherwise stated:

<u>Directors</u>	<u>Appointed</u>
Andrew Stainer	24 March 2023
Deborah C Coakley	24 March 2023
Jennifer A Horrigan	24 March 2023
Robert V McKinnon ¹	6 June 2018
Aideen T O'Donovan ¹	22 March 2022
Peter J S Rowe ¹	28 July 2017
Lisa Scenna	24 March 2023
Brett D Cameron – Alternative Director for Deborah C Coakley	24 March 2023

1. Retired, effective 24 March 2023.

Directors' relevant interests

As at the date of this Directors' Report, no Director directly held:

- options over, or any other contractual interest in, units in the Fund; or
- units in the Fund.

Principal activities

During the year the principal activity of the Fund was the investment of unitholders' funds in accordance with the Fund mandate. There were no significant changes in the nature of the Fund's activities during the year.

Review and results of operations

The relevant financial information for the Fund for the year ended 31 December 2023 is as follows:

- net loss attributable to unitholders after tax and before finance costs for the year was \$2,939,365 (31 December 2022: net loss \$19,323,822);
- distributions paid and payable to unitholders was \$24,400,001 (31 December 2022: \$28,879,999);
- total assets were \$737,116,979 (31 December 2022: \$835,330,102); and
- net assets were \$727,833,413 (31 December 2022: \$825,991,699).

A review of the Fund's results is set out in the Dexus Core Infrastructure Fund December 2023 Quarterly Report, which is available to all Fund investors.

Total value of Fund assets

The total value of the assets of the Fund as at 31 December 2023 was \$737,116,979 (31 December 2022: \$835,330,102). Details of the basis of this valuation are outlined in the Notes to the Financial Statements.

Likely developments and expected results

There has been no material change in the investment strategy of the Fund. The investment strategy of the Fund will be maintained in accordance with the Fund's Constitution. Currently, there are no significant developments expected in respect of the Fund not already disclosed to unitholders. The performance of the Fund in the future will be subject to movements in the underlying investment markets over time.

In the opinion of the Directors, disclosure of any further information regarding business strategies and future developments or results of the Fund, other than the information already outlined in this Directors' Report or the Financial Statements accompanying this Directors' Report, would be unreasonably prejudicial to the Fund.

Significant changes in the state of affairs

On 27 April 2022, Dexus Funds Management Limited ("Dexus") and AMP Limited ("AMP") announced that the parties had entered into an agreement for the sale of AMP Capital's real estate and domestic infrastructure equity business to Dexus Funds Management Limited, subject to a number of conditions precedent. On March 2023, it was announced that AMP and Dexus entered into a binding agreement for a revised transaction structure with a two-stage completion process. The first stage of the transaction, which included the sale of the Fund's responsible entity, Dexus Capital Funds Management Limited, was completed on 24 March 2023. The second stage of the transaction, which included the sale of the Fund's investment manager, Dexus Capital Investors Limited (formerly known as AMP Capital Investors Limited) completed on 30 November 2023.

The Directors are not aware of any other matter or circumstance not otherwise dealt within this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Fund, the results of those operations, or the state of the Fund's affairs in future financial years.

Matters subsequent to the end of the financial year

Since the end of the financial year, the Directors are not aware of any matter or circumstance not otherwise dealt within this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Fund, the results of those operations, or the state of the Fund's affairs in future financial years.

Directors' Report (Continued)

Distributions

Distributions to unitholders by the Fund for the financial year ended 31 December 2023 were \$24,400,001 (31 December 2022: \$28,879,999).

Dexus Capital Funds Management Limited fees

Details of fees paid or payable by the Fund to Dexus Capital Funds Management Limited for the year ended 31 December 2023 are outlined in Note 8 of the Notes to the Financial Statements.

Interests in Dexus Core Infrastructure Fund units

The movement in units on issue in the Fund during the year and the number of units on issue as at 31 December 2023 are detailed in Note 6 of the Notes to the Financial Statements.

The number of units in the Fund held by Dexus Capital Funds Management Limited or its associates as at the end of the financial year is 55,593,471 units (31 December 2022: 7,866,210 units) as detailed in Note 8 of the Notes to the Financial Statements.

Environmental regulation

There are adequate systems in place to manage the Fund's environmental responsibilities. The Directors of the Responsible Entity are not aware of any material breach or non-compliance with environmental regulations applicable to the Fund.

Indemnification and insurance

From 24 March 2023:

The insurance premium for a policy of insurance indemnifying Directors, Officers and others (as defined in the relevant policy of insurance) is paid by DCFM's parent entity, Dexus Holdings Pty Limited (DXH).

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against Directors and Officers in their capacity as Directors and Officers of DCFM, its subsidiaries or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings.

Ernst & Young (EY or the Auditor), is indemnified out of the assets of the Responsible Entity pursuant to the General Terms and Conditions agreed for all engagements with EY, to the extent that the Responsible Entity inappropriately uses or discloses a report prepared by EY. The Auditor is not indemnified for the provision of services where such an indemnification is prohibited by the *Corporations Act 2001*.

For the period 1 January 2023 to 24 March 2023:

Under its Constitution, the Responsible Entity indemnified, to the extent permitted by law, all current and former officers of the Responsible Entity (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Responsible Entity. This indemnity did not extend to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by or on behalf of the AMP Limited Board.

AMP Limited (the Responsible Entity's former ultimate parent company) maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Responsible Entity) against certain liabilities (including legal costs) as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

In addition, AMP Group Holdings Limited ("AMPGH") and each of the current and former directors and secretaries of the Responsible Entity were parties to deeds of indemnity, insurance and access. Those deeds provide that:

- these officers will have access to Board papers and specified records of the Responsible Entity (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;
- the indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary of the Responsible Entity, or of another AMP group company or, an AMP representative of an external company; and
- the AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

Directors' Report (Continued)

Audit

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

Non-audit services

The Fund may decide to employ the Auditor on assignments, in addition to their statutory audit duties, where the Auditor's expertise and experience with the Fund are important.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out in Note 2 of the Notes to the Financial Statements.

The Board of Dexus Capital Funds Management Limited, as Responsible Entity of the Fund, ("the Board") is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the standard of independence for auditors imposed by the *Corporations Act 2001*.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of this Directors' Report.

Rounding of amounts and currency

As the Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the Directors have chosen to round amounts in this Directors' Report and the accompanying Financial Statements to the nearest dollar, unless otherwise indicated. All figures in this Directors' Report and the Financial Statements, except where otherwise stated, are expressed in Australian dollars.

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Financial Statements were authorised for issue by the Directors on 22 March 2024.



Director

22 March 2024



Building a better
working world

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Auditor's independence declaration to the directors of Dexu Capital Funds Management Limited

As lead auditor for the audit of the financial report of Dexu Core Infrastructure Fund for the financial year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Elliott Shadforth'.

Elliott Shadforth
Partner
22 March 2024

Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	31 December 2023 \$	31 December 2022 \$
INCOME			
Dividends		2,688,210	1,456,897
Distributions		6,262,595	3,033,519
Interest income from financial assets measured at amortised cost		129,146	288,985
Interest income from financial assets measured at fair value through profit or loss		1,754,764	1,676,774
Net foreign exchange gain/(loss) on cash and cash equivalents		77,125	(259,958)
Net changes in the fair value of financial instruments measured at fair value through profit or loss		(6,206,304)	(14,145,656)
Fee rebate income/(expense)		1,397,597	(117,793)
Other income		<u>770,016</u>	<u>72,925</u>
Total income/(loss)		<u>6,873,149</u>	<u>(7,994,307)</u>
EXPENSES			
Responsible Entity fees	8(c)	(8,919,726)	(10,718,371)
Custody fees		(132,753)	(141,490)
Other expenses		<u>(624,212)</u>	<u>(341,280)</u>
Total expenses		<u>(9,676,691)</u>	<u>(11,201,141)</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE TAX AND FINANCE COSTS			
		(2,803,542)	(19,195,448)
Withholding tax expense		<u>(135,823)</u>	<u>(128,374)</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX AND BEFORE FINANCE COSTS			
		<u>(2,939,365)</u>	<u>(19,323,822)</u>
Finance costs attributable to unitholders			
Distributions to unitholders		(24,400,001)	(28,879,999)
(Increase)/decrease in net assets attributable to unitholders from operations		<u>27,339,366</u>	<u>48,203,821</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX AND FINANCE COSTS			
		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u><u>-</u></u>	<u><u>-</u></u>

Statement of Financial Position

As at 31 December 2023

	Notes	31 December 2023 \$	31 December 2022 \$
ASSETS			
Cash and cash equivalents		3,585,780	1,749,307
Broker deposits		320,686	1,330,339
Receivables	3	4,248,664	2,525,967
Financial assets measured at fair value through profit or loss	9(d)		
Non-interest bearing securities		2,653,968	2,653,968
Interest bearing securities		4,696,428	6,963,584
Convertible notes		13,967,888	14,713,911
Derivative financial instruments		1,313,486	52,401
Unlisted equity securities		177,947,694	168,701,919
Unlisted investment trusts		526,797,008	634,361,827
Investment in joint ventures	5(i)	<u>1,585,377</u>	<u>2,276,879</u>
TOTAL ASSETS		<u>737,116,979</u>	<u>835,330,102</u>
LIABILITIES			
Payables	4	2,620,870	1,622,324
Distributions payable		5,900,000	5,999,999
Financial liabilities measured at fair value through profit or loss	9(d)		
Derivative financial instruments		<u>762,696</u>	<u>1,716,080</u>
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		<u>9,283,566</u>	<u>9,338,403</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		<u><u>727,833,413</u></u>	<u><u>825,991,699</u></u>

Statement of Changes in Net Assets Attributable to Unitholders - Liability

For the year ended 31 December 2023

	31 December 2023	31 December 2022
	\$	\$
Balance at the beginning of the financial year - Liability	825,991,699	920,058,028
Applications	180,470,531	199,830,990
Distributions to unitholders reinvested	1,528,291	2,079,641
Redemptions	<u>(252,817,742)</u>	<u>(247,773,139)</u>
	755,172,779	874,195,520
Increase/(decrease) in net assets attributable to unitholders from operations	<u>(27,339,366)</u>	<u>(48,203,821)</u>
Balance at the end of the financial year - Liability	<u><u>727,833,413</u></u>	<u><u>825,991,699</u></u>

Statement of Cash Flows

For the year ended 31 December 2023

	Notes	31 December 2023 \$	31 December 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of financial instruments measured at fair value through profit or loss		135,652,120	32,970,970
Payments for purchases of financial instruments measured at fair value through profit or loss		(41,836,933)	(21,699,866)
Broker deposits received		1,009,653	1,719,858
Dividends received		2,688,210	1,456,897
Distributions received		5,133,487	2,926,634
Interest income received		1,693,614	1,367,208
Net GST received/(paid)		(44,810)	10,629
Fee rebate income received		1,058,793	1,431,493
Other income received		770,017	72,925
Responsible Entity fees paid		(7,899,996)	(10,788,019)
Net withholding tax paid		(135,823)	(128,374)
Custody fees paid		(59,409)	(115,204)
Other expenses paid		<u>(624,212)</u>	<u>(341,280)</u>
Net cash inflow/(outflow) from operating activities	7(a)	<u>97,404,711</u>	<u>8,883,871</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from applications by unitholders		180,238,616	199,892,010
Payments for redemptions by unitholders		(252,912,270)	(247,624,257)
Distributions paid to unitholders		<u>(22,971,709)</u>	<u>(27,050,359)</u>
Net cash inflow/(outflow) from financing activities		<u>(95,645,363)</u>	<u>(74,782,606)</u>
Net increase/(decrease) in cash and cash equivalents held		1,759,348	(65,898,735)
Cash and cash equivalents at the beginning of the financial year		1,749,307	67,908,000
Net foreign exchange gain/(loss) on cash and cash equivalents		<u>77,125</u>	<u>(259,958)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u><u>3,585,780</u></u>	<u><u>1,749,307</u></u>

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Basis of Preparation

These general purpose Financial Statements have been prepared in accordance with the Fund's Constitution and with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The Fund is a for-profit entity for the purposes of preparing Financial Statements. The Financial Statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The assets and liabilities are measured on a fair value basis, except where otherwise stated.

The financial statements of the Fund for the financial year ended 31 December 2023 are for the parent entity only. Under Australian Accounting Standards the Fund meets the definition of an investment entity (refer Note 1(e)) and is precluded from presenting consolidated financial statements.

The Statement of Financial Position does not distinguish between current and non-current assets and liabilities. All of the Fund's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for financial assets measured at fair value through profit or loss and net assets attributable to unitholders.

Changes in Australian Accounting Standards

The Fund has adopted all mandatory standards and amendments for the financial year beginning 1 January 2023. Adoption of these standards and amendments has not had any material effect on the financial statements of the Fund.

Australian Accounting Standards issued but not yet effective

There are no new Australian accounting standards or amendments issued but not yet effective that are expected to have a material impact on the Fund.

Climate Change

On 26 June 2023, the International Sustainability Standards Board (ISSB) releases its new sustainability standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. Subsequently, the Australian Accounting Standards Board (AASB) issued Exposure Draft "Australian Sustainability Reporting Standards - Disclosure of Climate-related Financial Information" and the Australian Treasury released related Exposure Draft legislation with their respective consultation periods ended on 1 March 2024 and 9 February 2024. The Fund is continuing to develop its assessment of the impact of climate change in line with emerging industry and regulatory guidance on its Financial Statements.

(b) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Fund becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Gains or losses arising on derecognition of financial assets and liabilities are recognised in the Statement of Comprehensive Income.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

The Responsible Entity classifies the Fund's financial instruments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed, and its performance is evaluated, on a fair value basis in accordance with the Fund's documented investment strategy. The Fund uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies.

The valuation processes applied in valuing financial instruments measured at fair value through profit or loss are governed by Fund's valuation policy which has been adopted by the Responsible Entity. This policy outlines the valuation methodologies and processes applied to measure such financial instruments.

Financial assets are initially measured at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Assets Measured at Fair Value Through Profit or Loss (continued)

Unlisted investment trusts and non-interest bearing securities

When the Fund invests in non-interest bearing securities issued by unlisted investment trusts that are also held by the Fund, the fair value of such non-interest bearing securities and unlisted investment trusts, in combination is determined by the Investment Manager using the discounted cash flow methodology. The fair values of these securities are based on their respective rights and rankings.

Non-interest bearing securities typically rank ahead of unlisted investment trusts and are valued at their face value.

Unlisted investment trusts are valued at the residual value after deducting the non-interest bearing securities value. If the combined fair value is lower than the non-interest bearing securities value, this combined fair value is deemed to be the fair value of the non-interest bearing securities and the fair value of the unlisted investment trusts is deemed to be nil.

Unlisted equity securities and interest bearing securities

When the Fund invests in interest bearing securities issued by a party whose unlisted equity securities are also held by the Fund, the fair value of such interest bearing securities and unlisted equity securities, in combination is determined by the Investment Manager using the discounted cash flow methodology. The fair values of these securities are based on their respective rights and rankings.

Interest bearing securities typically rank ahead of equity securities and the value of these securities is measured at outstanding principal plus accrued interest in accordance with the legal arrangements as the most appropriate proxy to fair value.

Unlisted equity securities are valued at the residual value after deducting the interest bearing securities value. If the combined fair value is lower than the interest bearing securities value, the combined fair value is deemed to be the fair value of the interest bearing securities and the fair value of the unlisted equity securities is deemed to be nil.

Unlisted equity securities and convertible notes

When the Fund invests in convertible notes issued by a party whose unlisted equity securities are also held by the Fund, the fair value of such convertible notes and unlisted equity securities, in combination is determined by the Investment Manager using the discounted cash flow methodology. The fair values of these securities are based on their respective rights and rankings.

Convertible notes typically rank ahead of equity securities and the value of these securities is measured at outstanding principal plus accrued interest in accordance with the legal arrangements as the most appropriate proxy to fair value.

Unlisted equity securities are valued at the residual value after deducting the convertible notes value. If the combined fair value is lower than the convertible notes value, the combined fair value is deemed to be the fair value of the convertible notes and the fair value of the unlisted equity securities is deemed to be nil.

Unlisted equity securities

The fair value of unlisted equity securities is determined by the Investment Manager using the discounted cash flow methodology.

Unlisted investment trusts

Unlisted investment trusts include unlisted investment funds and other unlisted trusts. The fair value of unlisted investment trusts is the redemption price of those securities at the balance date.

Investment in joint ventures

Under AASB 11 "Joint Arrangements" investments in joint arrangements are classified as either a joint operation or joint venture depending on the contractual rights and obligations each venturer has, rather than the legal structure of the joint arrangement. The Fund has assessed the nature of its joint arrangement and determined it to be a joint venture.

Joint ventures are arrangements whereby two or more parties that have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of parties sharing control.

Investments in joint ventures are accounted for in the Fund's Financial Statements at fair value.

Fair value is determined using the discounted cash flow techniques based on management's best estimate of expected future net cash flows to unitholders, discounted to their present value using a market determined risk adjusted discount rate.

(d) Derivative Financial Instruments

Derivative financial instruments are held for trading and are measured at fair value through profit or loss. The Fund does not designate any derivatives as a hedging instrument for hedge accounting purposes. Derivative financial instruments are initially measured at fair value exclusive of any transaction costs on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Derivative financial instruments are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Any changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Where the Fund's derivative assets and liabilities are traded on an exchange, their fair value is determined by reference to quoted market prices or binding dealer quotations at the balance date.

Where the Fund's derivative assets and liabilities are not traded on an exchange, their fair value is determined by reference to counterparty valuations or by the Investment Manager.

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Derivative Financial Instruments (continued)

The valuation processes applied in valuing financial instruments measured at fair value through profit or loss are governed by the Fund's valuation policy which has been adopted by the Responsible Entity. This policy outlines the valuation methodologies and processes applied to measure such financial instruments.

Forward foreign exchange contracts

Forward currency contracts are agreements to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. The fair value of forward foreign exchange contracts is determined by reference to currency exchange rates available from market observable sources at the balance date.

(e) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Statements. Estimates and assumptions are determined based on information available at the time of preparing the Financial Statements and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Fund's investments are financial instruments measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments is set out in Note 1(c), 1(d) and 9(d).

Investment entity exception

An investment entity is an entity that:

- (a) obtains funds from one or more unitholders for the purpose of providing the unitholder(s) with investment management services;
- (b) commits to its unitholder(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Typical characteristics of an investment entity include:

- (a) it has more than one investment;
- (b) it has more than one unitholder;
- (c) it has unitholders that are not related parties of the entity; and
- (d) it has ownership interests in the form of equity or similar interests.

This Fund has been determined to be an investment entity even though some of the unitholders are related parties (as outlined in Note 8). Investment entities are precluded from presenting consolidated financial statements. The Fund's unconsolidated subsidiaries are disclosed in Note 10. These unconsolidated subsidiaries are carried at fair value through profit or loss in accordance with the investment entity exceptions. All transactions between the Fund and its related parties are at market value and on normal commercial terms and conditions. This includes purchases and sales of financial instruments as well as applications and redemptions of units. As such, the related parties do not transact with the Fund on terms that are unavailable to other unitholders therefore this does not preclude the Fund from meeting the definition of an investment entity.

Assessment of Fund investments as structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund.

The Responsible Entity has assessed whether the managed investment funds in which the Fund invests in should be classified as structured entities. The Responsible Entity has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Responsible Entity has concluded on whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds.

As voting rights or similar rights are the dominant factor in deciding who controls the funds, the Responsible Entity has concluded that the managed investment funds in which the Fund invests in are not structured entities.

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Income

The following specific recognition criteria must be met before income is recognised:

Dividend income

Dividends from unlisted companies are recognised when the dividend is received with any related foreign withholding tax recognised as a tax expense.

Distribution income

Distributions from unlisted investment trusts are recognised as income on the date the unit is quoted ex-distribution.

Fee rebate income

Performance fee and management fee from underlying investments may be reimbursed to the Fund in accordance with specific fee arrangements with the Investment Manager. These are recognised in the Statements of Comprehensive Income on an accrual basis.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year). This includes foreign exchange gains or losses arising on financial instruments measured at fair value through profit or loss.

Interest income from financial assets measured at amortised cost

Interest income from financial assets measured at amortised cost is earned on cash and cash equivalents and is recognised on an accrual basis.

Interest income from financial assets measured at fair value through profit or loss

Interest income from financial assets measured at fair value through profit or loss is income earned on interest bearing securities and is recognised on the date that the Fund is entitled to receive the interest coupon.

(g) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

Responsible Entity fee

The Responsible Entity is entitled to Responsible Entity management fees calculated as fixed rates per annum of the value of the assets of the Fund attributable to each unit class. The Responsible Entity fee is calculated and accrued daily and paid on a monthly basis, also refer to Note 8(c).

(h) Broker Deposits

Broker deposits comprise cash held with brokers as collateral for derivative transactions.

(i) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include investments which are readily convertible to cash on hand at the Responsible Entity's option and which the Responsible Entity uses in its day to day management of the Fund's cash requirements.

(j) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at amortised cost and are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their carrying amounts approximate their fair values.

Impairment

An allowance for expected credit loss is made when the Fund may not be able to collect the debts. The Fund applies a simplified approach in calculating expected credit loss and recognises a loss allowance based on the lifetime expected credit losses (ECL) at each reporting date. Given the limited exposure of the Fund to credit risk, no material ECL has been recognised. The Fund only holds receivables with no financing component and that have maturities of less than 12 months. Bad debts are written off when identified.

(k) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables, their nominal amounts approximate their fair values.

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. The Fund's Constitution allows the Attribution Managed Investment Trust ("AMIT") tax regime to apply to the Fund and the AMIT eligibility criteria have been met. The Fund's Constitution has no contractual obligation for the Responsible Entity to distribute trust income to unitholders. As the units on issue comprise multiple classes of units with non-identical features, the Fund's net assets attributable to unitholders cannot be classified as equity; and therefore, are classified as liabilities in accordance with AASB 132 Financial Instruments: Presentation. As there are no equity holders, total comprehensive income and equity for the Fund is nil.

The fair value of units requested to be redeemed is measured at the redemption amount that would be payable (based on the exit unit price) at the balance date. The Fund's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders. Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interest of the unitholders.

(m) Taxation

Under tax legislation, the Fund is generally not liable to pay income tax because the AMIT tax regime applies and unitholders are attributed the income of the Fund.

The Fund currently incurs withholding tax imposed by certain countries on income. Such income is recognised gross of withholding tax in the Statement of Comprehensive Income and the withholding tax is recognised as a tax expense.

(n) Distributions to Unitholders

Distributions are presented in the Statement of Comprehensive Income as finance costs attributable to unitholders. The Fund's Constitution has no contractual obligation for the Responsible Entity to distribute trust income to unitholders.

(o) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of these Financial Statements, and the functional currency of the Fund, is the Australian dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

(p) Terms and Conditions of Units on Issue

The Fund contains multiple unit classes. Each unit, within a unit class, confers upon the unitholder an equal interest in the Fund (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset or investment of the Fund.

Unitholders have various rights under the Fund's Constitution and the *Corporations Act 2001*, which, subject to certain terms and conditions, include the right to:

- have their units redeemed;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions attached to each unitholder class are identical in all respects other than the minimum investment requirements and/or fee structures applicable to each class. These terms are detailed in the Fund's Constitution and other governing documents, as applicable.

Issued and paid up units are initially recognised at the fair value of the consideration received by the Fund. Applications received for units in the Fund are recognised net of any transaction costs arising on the issue of units in the Fund. Redemptions from the Fund are recognised gross of any transaction costs payable relating to the cancellation of units redeemed. Unit entry and exit prices are determined in accordance with the Fund's Constitution.

(q) Goods and Services Tax ("GST")

All income and expenses are recognised net of any GST paid, except where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the relevant expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) **Rounding**

The amounts in the Financial Statements have been rounded to the nearest dollar, under the option available to the Fund under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

Notes to the Financial Statements

For the year ended 31 December 2023

31 December 2023 31 December 2022
\$ \$

NOTE 2: AUDITOR'S REMUNERATION

Amounts paid or payable to Ernst & Young, the auditor of the Fund, for:

Audit and review of the Financial Statements of the Fund	32,765	31,206
Other services - audit of compliance plan	9,667	2,789
Non-audit services	<u>-</u>	<u>-</u>
	<u>42,432</u>	<u>33,995</u>

For further details of expenses incurred by the Responsible Entity and the Fund, refer to Note 8(c).

NOTE 3: RECEIVABLES

Distributions receivable	916,873	-
Interest receivable	1,886,909	1,696,613
GST receivable	232,428	187,619
Applications receivable*	530,322	298,407
Fee rebate income receivable	<u>682,132</u>	<u>343,328</u>
	<u>4,248,664</u>	<u>2,525,967</u>

*Applications receivable represent contributions held in an applications trust account by the Responsible Entity, which have not yet been received by the Fund.

NOTE 4: PAYABLES

Responsible Entity fees payable	1,885,893	866,163
Custody fees payable	144,011	70,667
Redemptions payable	<u>590,966</u>	<u>685,494</u>
	<u>2,620,870</u>	<u>1,622,324</u>

NOTE 5: INVESTMENTS IN JOINT VENTURES

(i) Investments in joint ventures

Joint Venture Entity Name	Principal place of business	Ownership %		31 December 2023	31 December 2022
		2023	2022	\$	\$
Aquatower Pty Ltd*	Australia	49.00	49.00	<u>1,585,377</u>	<u>2,276,879</u>
				<u>1,585,377</u>	<u>2,276,879</u>

*Aquatower Pty Ltd owns and operates four water treatment plants in Victoria as part of a concessional agreement with the Victorian government. This is a strategic investment for the Fund in line with its investment objectives.

The following key assumptions were applied when determining the fair value of each investment in the joint venture.

	Discount Rate	
	31 December 2023	31 December 2022
Aquatower Pty Ltd	8.00 %	7.20 %

(ii) Movement in investments in joint ventures during the financial year

	31 December 2023	31 December 2022
Balance at the beginning of the financial year	2,276,879	2,712,632
Net changes in fair values recognised through profit or loss	<u>(691,502)</u>	<u>(435,753)</u>
Balance at the end of the financial year	<u>1,585,377</u>	<u>2,276,879</u>

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 5: INVESTMENTS IN JOINT VENTURES (Continued)

(iii) Summarised financial information for Joint Ventures (not adjusted for % ownership held by the Fund)

	31 December 2023	31 December 2022
Cash and cash equivalents	769,120	757,433
Other current assets	470,260	366,946
Non-current assets	<u>1,440,473</u>	<u>1,939,287</u>
Total assets	<u><u>2,679,853</u></u>	<u><u>3,063,666</u></u>
Trade and other payables	<u>444,861</u>	<u>401,280</u>
Total liabilities	<u><u>444,861</u></u>	<u><u>401,280</u></u>
Revenue	3,178,558	2,770,291
Operating expenses	(2,336,266)	(2,205,025)
Tax expense	<u>(252,687)</u>	<u>(169,580)</u>
Profit or loss from continuing operations	589,605	395,686
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u><u>589,605</u></u>	<u><u>395,686</u></u>

During the year, the Fund received dividends from Aquatower Pty Ltd amounting to \$498,329 (31 December 2022: \$507,091).

The Fund has no commitments, restrictions and contingent liabilities in relation to its investments in joint ventures other than those specified in the Financial Statements (31 December 2022: nil).

	31 December 2023 Units	31 December 2022 Units
NOTE 6: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
The movement in the number of units on issue during the financial year was as follows:		
Units on Issue		
Opening balance	626,624,712	663,560,996
Applications	137,755,325	146,221,455
Distributions to unitholders reinvested	1,141,708	1,554,922
Redemptions	<u>(196,355,963)</u>	<u>(184,712,661)</u>
Closing balance	<u><u>569,165,782</u></u>	<u><u>626,624,712</u></u>
Represented by:		
Wholesale Class		
Opening balance	4,055,303	5,393,468
Applications	-	64,556
Distributions to unitholders reinvested	99,673	78,169
Redemptions	<u>(179,140)</u>	<u>(1,480,890)</u>
Closing balance	<u><u>3,975,836</u></u>	<u><u>4,055,303</u></u>
On-Platform A Class		
Opening balance	525,512,519	543,713,974
Applications	122,482,472	138,372,831
Distributions to unitholders reinvested	609,284	892,692
Redemptions	<u>(169,070,619)</u>	<u>(157,466,978)</u>
Closing balance	<u><u>479,533,656</u></u>	<u><u>525,512,519</u></u>

Notes to the Financial Statements

For the year ended 31 December 2023

	31 December 2023 Units	31 December 2022 Units
NOTE 6: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)		
On-Platform G Class		
Opening balance	19,722,802	29,710,786
Applications	610,088	1,121,526
Redemptions	<u>(6,012,130)</u>	<u>(11,109,510)</u>
Closing balance	<u>14,320,760</u>	<u>19,722,802</u>
Off-Platform H Class		
Opening balance	77,334,088	84,742,576
Applications	14,662,765	6,662,542
Distributions to unitholders reinvested	432,751	584,061
Redemptions	<u>(21,094,074)</u>	<u>(14,655,091)</u>
Closing balance	<u>71,335,530</u>	<u>77,334,088</u>
Class P		
Opening balance	-	192
Redemptions	<u>-</u>	<u>(192)</u>
Closing balance	<u>-</u>	<u>-</u>
	31 December 2023	31 December 2022
	\$	\$

NOTE 7: CASH AND CASH EQUIVALENTS

(a) Reconciliation of net profit/(loss) attributable to unitholders after tax and before finance costs to net cash inflow/(outflow) from operating activities

Net profit/(loss) attributable to unitholders after tax and before finance costs	(2,939,365)	(19,323,822)
Proceeds from sales of financial instruments measured at fair value through profit or loss	135,652,120	32,970,970
Payments for purchases of financial instruments measured at fair value through profit or loss	(41,836,933)	(21,699,866)
Net changes in the fair value of financial instruments measured at fair value through profit or loss	6,206,304	14,145,656
Investment income reinvested	(212,235)	(106,885)
Net foreign exchange (gain)/loss on cash and cash equivalents	(77,125)	259,958
Net change in broker deposits	1,009,653	1,719,858
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(1,490,782)	961,364
Increase/(decrease) in payables	<u>1,093,074</u>	<u>(43,362)</u>
Net cash inflow/(outflow) from operating activities	<u>97,404,711</u>	<u>8,883,871</u>

(b) Non-cash financing and operating activities

Non-cash financing and operating activities carried out during the financial year on normal commercial terms and conditions comprised:

Distributions to unitholders reinvested	1,528,291	2,079,641
Participation in reinvestment plans	212,235	106,885

NOTE 8: RELATED PARTY DISCLOSURES

(a) General Information

The Responsible Entity of the Fund is Dexus Capital Funds Management Limited, a subsidiary of Dexus Holdings Pty Limited (DXH) which forms part of the Dexus Listed Group (DXS).

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 8: RELATED PARTY DISCLOSURES (Continued)

(b) Investments

(i) Related party holdings of the Fund

Details of the Fund's holdings in relevant related parties, including entities in the same group as the Responsible Entity, other schemes managed by the Responsible Entity and other investment funds managed by the investment manager being Dexus Capital Investors Limited (formerly known as AMP Capital Investors Limited), are set out below:

	Fair value \$		Interest held %		Distributions/interest received or receivable during the financial year \$	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Dexus Global Listed Infrastructure Fund Hedged (formerly known as AMP Global Listed Infrastructure Index Fund Hedged)	282,799,699	420,922,735	100.00	100.00	212,235	106,885
Australia Pacific Airports Fund No. 3	67,324,416	61,919,915	9.46	9.41	543,995	-
Dexus Diversified Infrastructure Trust A (formerly known as AMP Capital Diversified Infrastructure Trust A)	62,782,241	59,983,348	3.67	3.70	919,692	-
Other related parties	25,980,578	77,801,528	Various	Various	1,236,649	1,278,771

(ii) Related party investors in the Fund

Details of relevant related party investors in the Fund, including the Responsible Entity, the parent entity of the Fund, the ultimate parent entity of the Fund, other schemes managed by the Responsible Entity and other investment funds managed by the investment manager being Dexus Capital Investors Limited (formerly known as AMP Capital Investors Limited), are set out below:

	Number of units held	Interest held %	Number of units acquired during the financial year	Number of units disposed of during the financial year	Distributions paid or payable during the financial year \$
31 December 2023					
Dexus Capital Funds Management Limited (formerly known as AMP Capital Funds Management Limited)	8,112,125	1.44	245,915	-	322,428
Dexus Property Trust	47,481,346	8.42	47,481,346	-	821,284
31 December 2022					
Dexus Capital Funds Management Limited (formerly known as AMP Capital Funds Management Limited)	7,866,210	1.27	263,630	-	359,640
Other related parties	-	-	-	(192)	-

(c) Transactions with the Responsible Entity and its Related Parties

All transactions between the Fund and relevant related parties have been at market value on normal commercial terms and conditions. This includes purchases and sales of financial instruments, as well as applications and redemptions of units.

The following transactions occurred with related parties:

	31 December 2023 \$	31 December 2022 \$
Sale of Unlisted investment trusts to a related party	7,103,417	-
Sale of Unlisted equity securities to a related party	2,230,963	-
Responsible Entity fees expensed during the financial year	8,919,726	10,718,371

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 8: RELATED PARTY DISCLOSURES (Continued)

(c) Transactions with the Responsible Entity and its Related Parties (continued)

In addition to transactions disclosed above, on 21 December 2023, the Fund exchanged contracts for the sale of an underlying investment held as Unlisted equity securities with a related party for \$32,275,204 on normal commercial terms and conditions. Settlement occurred on 11 January 2024, refer to Note 12.

In accordance with the Fund's Constitution, the Responsible Entity is entitled to receive fees for the provision of services to the Fund and to be reimbursed for certain expenditure incurred in the administration of the Fund.

Effective from 1 July 2023, the Responsible Entity ceased to charge a performance fee and reduced Responsible Entity management fees charged on each unit class. Responsible Entity fees are calculated as fixed rates per annum of the value of the assets of the Fund attributable to each unit class. The Responsible Entity fee is calculated and accrued daily and paid on a monthly basis.

During the financial year, the Responsible Entity incurred certain expenses on behalf of the Fund. Other expenses incurred by the Responsible Entity may be reimbursable from the Fund to the Responsible Entity in accordance with the Fund's Constitution and other governing documents, as applicable.

(d) Key Management Personnel

AASB 124 "Related Party Disclosures" defines key management personnel ("KMP") as including all Non-Executive Directors, Executive Directors and any other persons having authority or responsibility for planning, directing and controlling the activities of the Fund.

Key management personnel services are provided by the Responsible Entity and the remuneration paid to the Responsible Entity is detailed in Note 8(c) above. No Director of the Responsible Entity was paid any remuneration by the Fund during the financial year. Compensation paid to these Directors by the Responsible Entity, or related entities of the Responsible Entity, is not related to services they render to the individual funds.

NOTE 9: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring.

Financial instruments of the Fund comprise investments in financial assets and liabilities measured at fair value through profit or loss, cash and cash equivalents, broker deposits, net assets attributable to unitholders - liability, and other financial instruments such as receivables and payables, which arise directly from the Fund's operations.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments. The Fund is exposed to credit risk, liquidity risk and market risk.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures for the financial year is provided below. Where the Fund has material risk exposures, risk sensitivity analysis is presented for illustrative purposes. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept.

The management of these risks is carried out by Dexu Capital Investors Limited (formerly known as AMP Capital Investors Limited), as investment manager, including at its investment committees, under policies adopted by the Responsible Entity. These policies include the Fund's valuation policy and liquidity management policy which have been adopted by the Responsible Entity.

As part of its risk management strategy, the Fund may use derivatives to manage certain risk exposures.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

To avoid excessive concentrations of risk, the Fund monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative financial instruments to manage the excessive risk concentrations when they arise.

The Responsible Entity's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern, so it can continue to provide returns to unitholders and to maintain an optimal capital structure. To maintain or adjust the capital structure, the Responsible Entity may reinvest distributions. The Fund does not have any externally imposed capital requirements.

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations under a contract.

The Fund's maximum credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the maximum exposure at the balance date.

In relation to investments in equity securities and managed investment funds, the credit risk associated with these financial instruments is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk.

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 9: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (continued)

In relation to derivative financial instruments, the credit risk associated with these financial instruments is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk. Credit risk associated with non-exchange traded derivative financial instruments is minimised through the use of master netting agreements, and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk.

Credit risk is not considered to be significant to the Fund. Receivable balances are monitored on an ongoing basis. The Fund's exposure to bad debts is not significant. The exposure to credit risk for cash and cash equivalents from balances with banks and financial institutions is monitored by the Responsible Entity.

The Fund holds no collateral as security or any other credit enhancements, other than broker deposits. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due.

The Fund manages its liquidity risk by monitoring application and redemption requests to ensure sufficient liquidity is available; investing in financial instruments which under normal market conditions are readily convertible to cash; and maintaining sufficient cash and cash equivalents to meet normal operating requirements.

Maturity analysis for financial liabilities

Financial liabilities of the Fund comprise trade and other payables, distributions payable, derivative financial instruments and net assets attributable to unitholders. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

Net assets attributable to unitholders are payable on demand, however the Responsible Entity has the power under the Fund's Constitution to amend the timing of redemption payments.

Derivative financial instruments measured at fair value through profit or loss are held for trading as they are held for the purposes of:

- reducing risks which may occur as a result of changes in interest rates, credit risk, equity prices, currency movements or other factors; and/or
- gaining exposure to physical investments.

Although they have contractual maturities, management's expectation is that they will typically dispose of them within a shorter period of time.

Maturities of derivative financial instruments

The table below details the Fund's derivative financial instruments (assets and liabilities) into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 month	1-3 months	3-12 months	Greater than 1 year	Total
	\$	\$	\$	\$	\$
31 December 2023					
Inflows	191,171,454	-	-	-	191,171,454
(Outflows)	(190,711,923)	-	-	-	(190,711,923)
31 December 2022					
Inflows	146,861,956	-	-	-	146,861,956
(Outflows)	(148,596,216)	-	-	-	(148,596,216)

(c) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

Australian Accounting Standards require the disclosure of sensitivity to changes in market risk variables such as interest rates, foreign exchange rates and equity prices. This sensitivity is not intended to show the impact on the Fund's financial performance for the entire period, just an illustrative example of the direct impact of a change in the value of the financial instruments measured at the balance date as a result of the change in market rate. The sensitivity is required to show the impact of a reasonably possible change in market rate over the period to the subsequent balance date. It is not intended to illustrate a remote, worst case or stress test scenario.

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 9: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair values of financial instruments.

As the fair value of interest bearing securities at the balance date is determined in combination with unlisted equity securities using the discounted cash flow methodology, interest rate risk sensitivity has not been presented. The interest rate sensitivity for cash and cash equivalents is not significant to the Fund.

Foreign exchange risk

Foreign exchange risk is the risk that the value of monetary securities denominated in currencies other than the Australian dollar will fluctuate due to changes in foreign exchange rates. The risk is measured using sensitivity analysis.

The table below demonstrates the impact of a 10% movement in the exchange rate against the Australian dollar on the net profit/(loss) attributable to unitholders and net assets attributable to unitholders, with all other variables held constant. It is assumed that the relevant change occurs at the balance date.

	Effect on net assets attributable to unitholders and net profit/(loss) attributable to unitholders after tax and before finance costs	
	-10%	+10%
	\$	\$
31 December 2023	(67,854)	67,854
31 December 2022	(83,917)	83,917

The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk.

Price risk

Price risk is the risk that the fair value of equity securities, equity derivatives and managed investment funds decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual equity securities or managed investment funds or factors affecting all financial instruments in the market. Price risk exposure arises from the Fund's investment portfolio. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates.

Price risk is managed by monitoring compliance with established investment mandate limits.

All securities present a risk of loss of capital. The maximum risk resulting from equity securities and managed investment funds is determined by the fair value of the financial instruments. The maximum risk resulting from equity derivatives is determined by reference to the notional value of the financial instruments.

The table below demonstrates the impact of a 10% movement in the price of units in equity securities, equity derivatives and managed investment funds. This sensitivity analysis has been performed to assess the direct risk of holding equity securities, equity derivatives and managed investment funds with all other variables held constant. It is assumed that the relevant change occurs at the balance date.

	Price Risk	
	-10%	+10%
	\$	\$
31 December 2023	(70,474,470)	70,474,470
31 December 2022	(80,306,375)	80,306,375

(d) Fair value measurement

Financial assets and liabilities measured at fair value are categorised under a three-level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial asset or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These may include investment grade corporate bonds, certain unlisted unit trusts and over-the-counter derivatives.

In the absence of a quoted price in an active market, interest bearing securities are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. To the extent that the significant inputs are observable, the Responsible Entity categorises these interest bearing securities as Level 2.

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 9: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

Typically, prices of units in unlisted investment trusts that are published on the investment manager's website and/or obtained from unitholder statements, are categorised as Level 2. The Fund may classify certain unlisted investment trusts as Level 3.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Fund's own data, reflecting the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

The table below shows the Fund's financial assets and liabilities measured at fair value on a recurring basis by each level of the fair value hierarchy. The Fund did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 31 December 2023 (31 December 2022: nil).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2023				
Non-interest bearing securities	-	-	2,653,968	2,653,968
Interest bearing securities	-	-	4,696,428	4,696,428
Convertible notes	-	-	13,967,888	13,967,888
Derivative financial assets	-	1,313,486	-	1,313,486
Derivative financial liabilities	-	(762,696)	-	(762,696)
Unlisted equity securities	-	-	177,947,694	177,947,694
Unlisted investment trusts	-	282,799,699	243,997,309	526,797,008
Investment in joint ventures	-	-	1,585,377	1,585,377
Total	<u>-</u>	<u>283,350,489</u>	<u>444,848,664</u>	<u>728,199,153</u>
31 December 2022				
Non-interest bearing securities	-	-	2,653,968	2,653,968
Interest bearing securities	-	-	6,963,584	6,963,584
Convertible notes	-	-	14,713,911	14,713,911
Derivative financial assets	-	52,401	-	52,401
Derivative financial liabilities	-	(1,716,080)	-	(1,716,080)
Unlisted equity securities	-	-	168,701,919	168,701,919
Unlisted investment trusts	-	420,922,735	213,439,092	634,361,827
Investment in joint ventures	-	-	2,276,879	2,276,879
Total	<u>-</u>	<u>419,259,056</u>	<u>408,749,353</u>	<u>828,008,409</u>

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year ended 31 December 2023 (financial year ended 31 December 2022: nil).

Valuation techniques

The valuation techniques and inputs used in measuring the fair value of financial assets and liabilities are outlined in Note 1(c) and 1(d).

There were no significant changes in valuation techniques during the financial year.

For financial assets and liabilities categorised as Level 3 of the fair value hierarchy, the valuation processes applied in valuing such assets and liabilities are governed by the Fund's valuation policy which has been adopted by the Responsible Entity. This policy outlines the valuation methodologies and processes applied to measure non-exchange traded financial instruments which have no regular market price, including listed securities suspended from the relevant exchange, unlisted investment structures and over-the-counter derivatives.

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 9: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

The table below summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Financial statement caption	Valuation technique	Range of key unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unlisted equity securities	Discounted cash flow	Discount rate	A decrease/increase in the discount rate and/or an increase/decrease in net cash flow forecasts would result in an increase/decrease in the fair value of the asset
Unlisted investment trust and non-interest bearing securities		Cash flow forecasts	
Unlisted equity securities and interest bearing securities			
Unlisted equity securities and convertible notes			
Investment in joint ventures			
Unlisted investment trusts	Net Asset Value of the unlisted investment trusts	Valuation of the unlisted investment trusts	An increase/decrease in the value of the underlying investments in the unlisted investment trusts would result in a higher/lower fair value

The table below shows a reconciliation of the movement in the fair value of financial assets and liabilities categorised as Level 3 of the fair value hierarchy between the beginning and the end of the financial year and prior financial year:

	Opening balance	Purchases	Sales	Net transfers in/(out)	Net changes in the fair value of financial instruments measured at fair value through profit or loss	Closing balance	Total gain/(loss) for the year included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at year end
	\$	\$	\$	\$	\$	\$	\$
31 December 2023							
Non-interest bearing securities	2,653,968	-	-	-	-	2,653,968	-
Interest bearing securities	6,963,584	53,034	(2,739,932)	-	419,742	4,696,428	349,093
Convertible notes	14,713,911	-	(225,122)	-	(520,901)	13,967,888	(520,901)
Unlisted equity securities	168,701,919	8,510,580	(2,230,963)	-	2,966,158	177,947,694	1,365,481
Unlisted investment trusts	213,439,092	33,273,313	(7,103,417)	-	4,388,321	243,997,309	5,596,968
Investment in joint ventures	<u>2,276,879</u>	-	-	-	<u>(691,502)</u>	<u>1,585,377</u>	<u>(691,502)</u>
Total	<u>408,749,353</u>	<u>41,836,927</u>	<u>(12,299,434)</u>	<u>-</u>	<u>6,561,818</u>	<u>444,848,664</u>	<u>6,099,139</u>
31 December 2022							
Non-interest bearing securities	2,653,968	-	-	-	-	2,653,968	-
Interest bearing securities	7,192,056	1,360,129	(1,246,267)	-	(342,334)	6,963,584	(342,334)
Convertible notes	17,930,256	-	(196,660)	-	(3,019,685)	14,713,911	(3,019,685)
Unlisted equity securities	147,254,421	2,710,378	-	-	18,737,120	168,701,919	18,737,120
Unlisted investment trusts	198,103,897	7,629,361	-	-	7,705,834	213,439,092	7,705,834
Investment in joint ventures	<u>2,712,632</u>	-	-	-	<u>(435,753)</u>	<u>2,276,879</u>	<u>(435,753)</u>
Total	<u>375,847,230</u>	<u>11,699,868</u>	<u>(1,442,927)</u>	<u>-</u>	<u>22,645,182</u>	<u>408,749,353</u>	<u>22,645,182</u>

(e) Master netting or similar agreements

The Fund presents the fair value of its derivative assets and liabilities on a gross basis in the Statement of Financial Position. Certain derivative assets and liabilities are subject to legally enforceable master netting arrangements, such as an International Swaps and Derivatives Association ("ISDA") master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is receivable/payable in settlement of all transactions.

An ISDA agreement does not meet the criteria for offsetting in the Statement of Financial Position as the Fund does not have any currently legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events such as a default.

Notes to the Financial Statements

For the year ended 31 December 2023

NOTE 9: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Master netting or similar agreements (continued)

As at 31 December 2023 and 31 December 2022, the impact, if these netting arrangements were applied to the derivative portfolios, would be as follows:

	Gross derivative assets	Effect of netting arrangements	Net derivative assets	Gross derivative liabilities	Effect of netting arrangements	Net derivative liabilities
	\$	\$	\$	\$	\$	\$
31 December 2023	1,313,486	(641,587)	671,899	762,696	(641,587)	121,109
31 December 2022	52,401	(52,401)	-	1,716,080	(52,401)	1,663,679

NOTE 10: UNCONSOLIDATED SUBSIDIARIES

Subsidiary Name	Principal place of business	Ownership interest	
		31 December 2023	31 December 2022
		%	%
Dexus Global Listed Infrastructure Fund Hedged (formerly known as AMP Global Listed Infrastructure Index Fund Hedged)	Australia	100.00	100.00

The above subsidiary invests predominantly in listed companies that have liquid market listing on major global stock exchanges and does not control any further subsidiaries.

Restrictions

The Fund receives income in the form of distributions and interest from its investments in unconsolidated subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to the Fund.

Support

The Fund has no contractual commitments or current intentions to provide any other financial support to its unconsolidated subsidiaries, other than those specified in Note 11.

NOTE 11: COMMITMENTS AND CONTINGENCIES

In November 2016, the Fund committed to invest \$22.0m (US\$15.0m) in InfraBridge Global Infrastructure Fund, Non-US LP (formerly known as AMP Capital Global Infrastructure Fund, Non-US LP). As at 31 December 2023, the Fund has invested \$15.7m (US\$10.7m) (31 December 2022: \$15.4m (US\$10.5m)) with the remaining undrawn investment commitment of \$6.3m (US\$4.3m) (31 December 2022: \$6.7m (US\$4.5m)).

In January 2018, March 2019 and March 2020, the Fund committed to invest \$22.0m (US\$15.0m), \$14.7m (US\$10.0m) and \$7.9m (US\$5.4m) respectively in InfraBridge Global Infrastructure Fund II B LP (formerly known as AMP Capital Global Infrastructure Fund II B LP). As at 31 December 2023, the Fund has invested \$44.2m (US\$30.1m) (31 December 2022: \$36.8m (US\$25.0m)) with the remaining undrawn investment commitment of \$0.4m (US\$0.3m) (31 December 2022: \$8.0m (US\$5.4m)).

From time to time, the Fund has interactions and matters under review with tax authorities in jurisdictions in which the Fund invests in relation to tax treatments of various matters. Any potential tax liability arising from these interactions is recognised when it is probable that an outflow will occur and the amount can be estimated reliably.

NOTE 12: EVENTS OCCURRING AFTER THE BALANCE DATE

On 21 December 2023, the Fund exchanged contracts for the sale of an underlying investment held as Unlisted equity securities with a related party for \$32,275,204 on normal commercial terms and conditions. Settlement occurred on 11 January 2024.

Since 31 December 2023, there have been no other matters or circumstances not otherwise dealt within the Financial Statements that have significantly affected or may significantly affect the Fund.

NOTE 13: AUTHORISATION OF THE FINANCIAL STATEMENTS

The Financial Statements of the Dexus Core Infrastructure Fund for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors of Dexus Capital Funds Management Limited on 22 March 2024.

Directors' Declaration

The Directors of Dexus Capital Funds Management Limited as Responsible Entity of Dexus Core Infrastructure Fund declare that the Financial Statements and Notes set out on pages 5 to 24:

- (i) comply with Australian Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date.

In the Directors' opinion:

- (i) the Financial Statements and Notes are in accordance with the *Corporations Act 2001*;
- (ii) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (iii) the Fund has operated in accordance with the provisions of the Fund's Constitution during the year ended 31 December 2023.

The Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Director

22 March 2024



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Independent auditor's report to the unitholders of Dexus Core Infrastructure Fund

Opinion

We have audited the financial report of Dexus Core Infrastructure Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in net assets attributable to unitholders - liability and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and
- b. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Report and Auditor's Report thereon

The directors of Dexus Capital Funds Management Limited as the Responsible Entity of the Fund are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 the 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 relating 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 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 judgment 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 Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.
- ▶ Conclude on the appropriateness of the directors' 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 Fund'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 Fund to cease to continue as a going concern.



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- ▶ 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 directors 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.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'E. Shadforth'.

Elliott Shadforth
Partner
Sydney
22 March 2024