



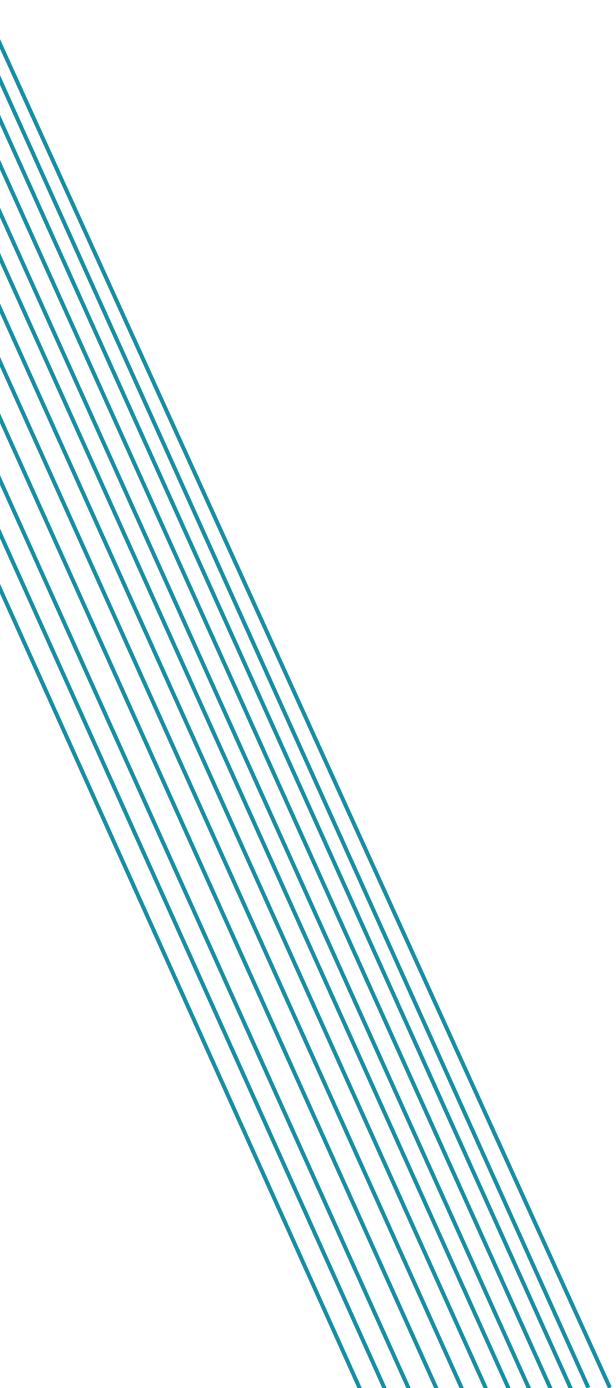
VERTUA  
FUNDS MANAGEMENT

# VERTUA OPPORTUNITIES FUND

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**ANNUAL REPORT**  
**30 JUNE 2022**

ABN 84 129 409 279  
[opportunities.vertua.com.au](http://opportunities.vertua.com.au)



Vertua Opportunities Pty Ltd  
ACN 617 079 419  
AS TRUSTEE FOR THE  
VERTUA OPPORTUNITIES FUND  
ABN 84 129 409 279

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Suite 301, 44 Miller Street  
NORTH SYDNEY  
NSW 2060  
AUSTRALIA

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## KEY FINANCIAL RESULTS

### PROFIT

2022	2021	YEAR ON YEAR CHANGE
EBITDA \$3,584,917	EBITDA \$4,164,673	(14%)
PROFIT \$1,459,574	PROFIT \$2,921,918	(50%)
FULL YEAR DISTRIBUTIONS 7 CENTS	FULL YEAR DISTRIBUTIONS 7 CENTS	17%
VENUES OWNED /OPERATED 8	VENUES OWNED /OPERATED 7	14%
TOTAL EMPLOYEES 70	TOTAL EMPLOYEES 70	0%

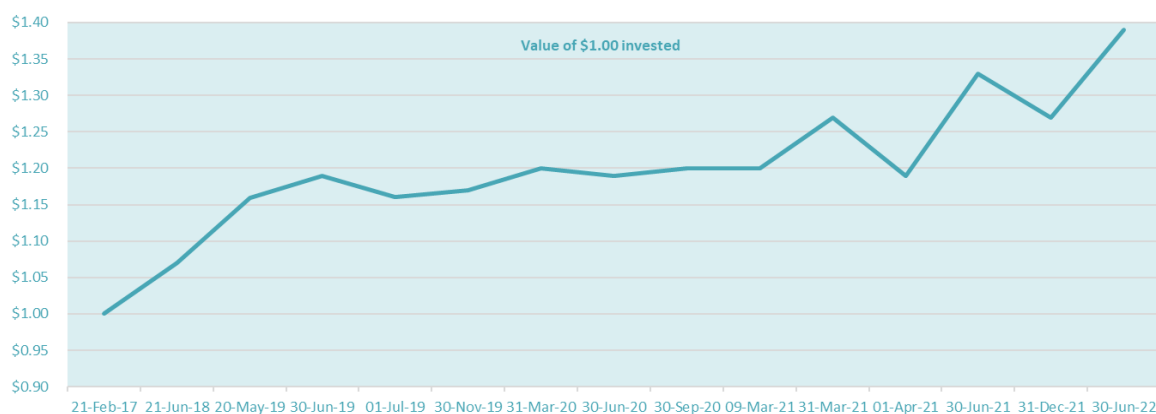
### LEVERAGE SECTION

2022	Assets \$35,806,045	
	52.26% Equity	47.74% Debt
2021	Assets \$27,785,737	
	61.54% Equity	38.46% Debt

### PERFORMANCE INDICATORS

The consequences of the Group's performance on unitholders wealth, outlined as a function of its unit price and net assets attributable to unitholders over the last 4 years is provided below:

	30 JUNE 2022	30 JUNE 2021	30 JUNE 2020	30 JUNE 2019
Unit value per unit at the end of financial year	\$1.39	\$1.33	\$1.19	\$1.19
Distributions paid during the year	\$0.04	\$0.04	\$0.03	\$0.03
Increase in unit value year on year	\$0.06	\$0.14	\$0.00	\$0.12
Declared to be paid distribution for year	\$0.04	\$0.04	\$0.04	\$0.03
<b>Total return per unit for year</b>	<b>\$0.14</b>	<b>\$0.22</b>	<b>\$0.07</b>	<b>\$0.18</b>



## INVESTMENT OVERVIEW

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### YAMBA MOTOR INN

**81 Yamba Rd, Yamba NSW 2464**

The Fund acquired the Yamba Motor Inn in December 2020. It is a 29-room motel situated on 3,721m<sup>2</sup>.

The Yamba Motor Inn is a modern brick and tile motel, on one level, that is ideally suited to the tourist and coach trade and poised to capitalise on the huge potential in this rapidly growing area.

The Motel is well-located, being the first motel on the left upon entering Yamba. Situated on the main arterial road, the motel is close to the main shopping centre and the recently upgraded, award winning Yamba Shores Tavern.



### TUROSS HEAD

**81-83 Nelson Parade, Tuross Head NSW 2537**

The Fund purchased the Tuross Beach Holiday Park in May 2017. The holiday park is income-positive and continues to meet expected targets. This is a small leasehold caravan park located at Tuross Head, approximately 322 km south of Sydney. The property is located on absolute beachfront land, occupying 15,000m<sup>2</sup> with approval for 83 camping sites. The property has over 24 years left on the current leasehold terms.



### GATEWAY MOTEL

**99 Ballina Rd, Girards Hill NSW 2480**

The Gateway Motel is a 34-room (apartments) plus a three bedroom manager's apartment near new four-star motel with all the first class facilities and amenities you would expect: from designer bathrooms, to a fully licensed restaurant. A new management team has been hired by the Fund to manage the Gateway Motel. The Gateway Motel is conveniently located within 5 minutes' drive to Lismore CBD, Lismore Regional Airport and only 20 minutes' drive from Ballina. The combination of land is in excess of 7,731m<sup>2</sup> has total street frontage to Ballina Road and entry via Cathcart Street and Hayward Street.



Unfortunately, floods happened in February to March 2022 and had an adverse effect on the Gateway Motel, along with many other homes now being uninhabitable.

The Motel remains closed with all staff being either relocated to other venues or staff have chosen to resign and relocate.

## INVESTMENT OVERVIEW

### BALLINA BEACH RESORT

**Compton Drive Corner of, Cedar Cres, Ballina NSW 2478**

The Fund settled on acquisition of Ballina Beach Resort, located adjacent to Lighthouse Beach in East Ballina, NSW, in November 2021. Ballina Beach Resort is a 46 room, 3.5-star motel situated on 3 acres of lush tropical gardens. The Fund's strategy is to improve the motel's rating to a 4-star venue and to reposition it on the market to make it more attractive for a wider range of customers. Due to NSW Covid restrictions last year, the settlement only occurred in November last year. The original settlement date was set for 1 September 2021.



**Lease term:** 40 years (20 years + 4\*5 years extension options)

Ballina's resort is the only beachside resort accommodation in Ballina with amazing facilities including a restaurant and four function rooms ideal for weddings and corporate gathering.

### BACLAY MOTOR INN

**112-114 N Fenton St, Devonport TAS 7310**

The Fund acquired the Barclay Motor Inn in July 2018. The Barclay is a 25-room motel conveniently situated within walking distance to the main shopping district of Devonport Tasmania, Devonport's business district, sporting facilities and the departure/ arrival terminal of the Spirit of Tasmania. The Barclay occupies 5,500m<sup>2</sup> of land on its primary site and, in addition has a three-bedroom cottage across the road from the primary site which is used for short term tenancy.



In addition to its accommodation facilities the Barclay boasts two function rooms, a half-sized tennis court and Devonport's only indoor heated pool.

### STEWARTS BAY LODGE

**6955 Arthur Hwy, Port Arthur TAS 7182**

The Stewarts Bay Lodge ("Stewarts Bay") was purchased in June 2018. The management team has been replenished with staff previously working at Stewarts Bay. Stewarts Bay is situated on 22 acres of waterfront in Port Arthur Tasmania. The neighbouring property is the Port Arthur Historic site which is one of the leading tourism sites for Tasmania. Stewarts Bay consists of 21 chalet style cabins, 19 log cabins, a tennis court, children's playground, BBQ areas, jetty, beach access and walking path directly to the historic site and a premium restaurant being Gabriel's on the Bay.



On the Bay by Stewarts Bay is a first class restaurant catering in Tasmania's premium produce. The venue has two function rooms often booked out for a week at a time by Australia's leading business brands and local governments. The Fund acquired the restaurant in May 2020 in exchange for issuing equity in the Fund.

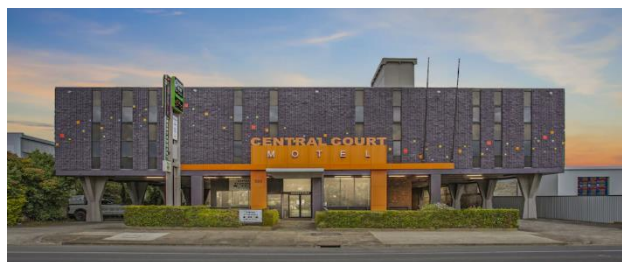
## INVESTMENT OVERVIEW

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### CENTRAL COURT MOTEL

**581 Raglan Parade, Warrnambool VIC 3280**

The Fund has exchanged on the purchase of Central Court Motel freehold in September 2020. This acquisition was as an exciting opportunity for expanding Funds operations into Victoria. The impact of Covid-19 has presented the Fund with an opportunity to acquire the leasehold as well. The Fund completed acquisition of the business in September 2021.



The Central Court Motel is a 40-room motel with good size rooms positioned in downtown area and near to beaches in Warrnambool, Victoria. It is the largest city in the Great Ocean Road region and Victoria's largest city outside of Phillip Bay located 263 km drive to South-East of Melbourne. Warrnambool is a highly liveable and vibrant coastal regional city with a strong track record of steady and sustained population and economic growth.

Regional Victoria currently presents a great opportunity to expand the Fund's portfolio into new state which would also have a positive effect on the Fund's diversification of risk and reward. The Fund already has an existing in-principle credit approval from the National Australia Bank to fund a part of the acquisition.



## DIRECTORS' REPORT

The Directors of the Trustee Company, Vertua Opportunities Pty Ltd, present their report and the consolidated financial report of the Group consisting of Vertua Opportunities Fund and its controlled entities ("the Group", "the Fund") for the year ended 30 June 2022.



### CHRISTOPHER BREGENHOJ

#### Non-Executive Chairman

Christopher is a qualified Chartered Accountant with over 30 years' experience in investment banking and private equity in Australia and Hong Kong. As an Executive Director of what is now oOh! Media, Christopher was responsible for corporate acquisitions and the in-house legal division. Ooh! Media was acquired by CHAMP Private Equity in 2012 for \$166 million.

In 2012, Christopher entered a joint venture to acquire and redevelop a property, 'Astonia'. The six apartments sold for \$44.6 million and set a lower North Shore record. Christopher sits on multiple Boards of investment banking and property development businesses.



### JAMES MANNING

#### Non-Executive Director

James' background in property development and professional services has given him a unique insight into both practical deliverables as well as complex regulatory and cross border transactions. James is the CEO of digital infrastructure business, Mawson Infrastructure Group Inc (Nasdaq: MIGI).

James has completed a Master of Business (Finance) and a Master of Property Development, both from UTS and Bachelor of Accounting from ACU. James is a Fellow of the Institute of Company Directors (FAICD), and a member of Institute of Public Accountants (IPA).



### BENJAMIN DOYLE

#### Non-Executive Director

Benjamin is the CEO and Founder of Fiducia Property Group. Having managed Fiducia for over 15 years, he has developed in excess of \$300 million of property developments. Ben has been recognised within the development industry through the Housing Industry Australia (HIA), having won the 2015 'NSW Development of the year sub \$5 mil' category



### DARRON WOLTER

#### Executive Director and Chief Executive Officer

Darron began his career in the hospitality industry by managing Hotels in Sydney back in 1987. Having extensive experience in analysing business insights, Darron has developed and effectively implementing strategies to streamline and consolidate operations into an enterprise solution. Darron is currently working on Vertua Opportunities Fund's asset acquisition and expansion strategy.



### OLGA SHTIFELMAN

#### Chief Operating Officer

Olga has over 10 years' experience in operations, with strong people management and organizational skills. Olga has a Bachelor of Management and Business Information Systems and has completed her MBA program at the UTS Sydney. Olga is also a Member of Australian Institute of Company Directors.



# DIRECTORS' REPORT

## Fund information and principal activity

The Fund was constituted on 30 January 2017, by Vertua Limited, the Fund Manager, as an unlisted Managed Investment Scheme (MIS).

The principal activity of the Fund during the year was that of investing in and operating tourism and hospitality assets and management rights attached to those assets in areas including Hotels, Motels, Caravan Parks, Restaurants, Food and Beverage operations, and other Specialist tourism assets, throughout Australia.

The Fund's investment objective is to deliver consistent tax effective income and the potential for long-term capital growth for the benefit of investors. Whilst this is the stated investment objective there is no guarantee that the objective will be achieved. There were no changes to the principal activity during the period.

## Review of operations

The Fund's profit for the year after income tax expense was \$1,459,574 (2021: \$2,921,918).

The travel restrictions imposed by the government resulted in the Fund enjoying increased interest from domestic travellers booking out our locations even outside of the usual high periods. The Fund's Management team has been working to ensure that all Fund's assets continue running as business as usual. We are delighted to confirm that all our venues, staff and site managers are prepared and looking forward to welcoming more tourists when travel restrictions are eased.

We have been working hard on improving Fund's marketing strategy and increasing our market presence across social media and booking platforms. To achieve better results, we have collaborated with external marketing consultants who are now working closely with all asset managers to address any particular location's needs to increase occupancy. This move provided some relief to managers on sites, giving them more time to work with their staff on addressing customers' needs to ensure the highest standard of hospitality service.

During the period, the Gateway Motel suffered significant damage because of the floods impacting the Northern Rivers region. The group is still assessing an appropriate strategy to re-start the asset. Against the impact of the Gateway Motel, our newly acquired motel in Ballina has significantly outperformed the initial purchase expectations.

We are continuously working on improving our marketing campaigns and booking packages to attract more tourist to all our assets to achieve best results for our stakeholders and unitholders

## Net assets attributable to unitholders and units in the Fund

Net assets attributable to unitholders as of 30 June 2022 were \$18,711,648, with 13,393,790 units on issue. The movement in the year is as follows.

	2022 Units	2022 \$
Opening balance	12,897,841	\$17,098,479
Additional units issued	819,640	\$1,417,143
Redemptions	(323,696)	(\$342,799)
Profit for the year	-	\$1,459,574
Distributions to unitholders	-	(\$920,749)
<b>Closing Balance</b>	<b>13,393,785</b>	<b>\$18,711,648</b>

Applications for new units are generally processed on the day they have been received. Redemption requests are required to be pre-assessed and when approved, will be based on the most recent month-end pricing applicable to the Fund. Units in the Fund are not listed on any public exchange. The Fund calculates the Unit price bi-annually as at the end of the period.

## DIRECTORS' REPORT

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The unit price is calculated by dividing net assets attributable to unitholders, by the number of units outstanding. The unit price at the end of the period was \$1.39.

### Distributions

In accordance with the Fund's Constitution, the Fund distributes its distributable income to the unitholders by way of cash or reinvestment into the Fund. The Fund operates a Distribution Re-investment Plan (DRP) which all unitholders are invited to participate in.

Distributions paid and payable to unitholders were of \$919,826. Distributions declared but not yet paid were \$468,762.

The total amount of cash distributions \$92,382 was subsequently paid to unitholders in July 2022.

### Significant changes in state of affairs

Other than as stated in this report, there have been no significant changes in the state of affairs of the Fund during the year.

### Events subsequent to the end of the financial year

No other significant events have occurred since the reporting date of this report.

### Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the provisions of the Fund Constitution and other governing documents. The results of the Fund's operations will be affected by a number of factors including the performance of the markets in which the fund operates and invests. Investment conditions change over time and past returns should not be used to predict future returns.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the law, the officers will remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### Interests of the Trustee

\$243,348 of fees were charged and paid out of the assets of the Fund to the Trustee and its Associates during the year. No fees were paid out of Fund assets to the Directors of the Trustee during the year, Environmental regulations. The operations of the Fund are not subject to any particular or significant environmental regulation under a Commonwealth, State or Territory Law.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

This report is made with a resolution of Directors of the Trustee



Christopher Bregenhoj  
Chairman  
Sydney  
16 December 2022

# AUDITORS INDEPENDENCE DECLARATION

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## LNP Audit + Assurance

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### AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF VERTUA OPPORTUNITES FUND

As lead auditor of Vertua Opportunities Fund for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance Pty Ltd



Chin Ding Khoo  
Director

Sydney, 16 December 2022

Liability limited by a scheme approved under Professional Standards Legislation

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated		
	Note	2022 \$	2021 \$
<b>Revenue</b>	B2	\$8,507,721	\$6,612,808
Other income	B2	\$1,247,489	\$2,449,154
<b>Total revenue</b>		<b>\$9,755,210</b>	<b>\$9,061,962</b>
Cost of sales		(\$1,003,718)	(\$765,073)
<b>Gross profit</b>		<b>\$8,751,492</b>	<b>\$8,296,889</b>
Management fees	B3(ii)	(\$243,348)	(\$392,826)
Professional fees		(\$303,051)	(\$187,974)
Property costs		(\$787,081)	(\$561,550)
Advertising and promotion		(\$443,066)	(\$278,187)
Insurance costs		(\$207,768)	(\$143,076)
Other expenses from ordinary activities		(\$368,991)	(\$338,654)
Depreciation and amortisation expense	B3(i)	(\$1,555,750)	(\$973,190)
Salaries and wages		(\$2,813,270)	(\$2,229,949)
<b>Total expenses</b>		<b>(\$6,722,325)</b>	<b>(\$5,105,406)</b>
<b>Operating profit</b>		<b>\$2,029,167</b>	<b>\$3,191,483</b>
Finance costs		(\$569,560)	(\$269,565)
<b>Profit before tax</b>		<b>\$1,459,607</b>	<b>\$2,921,918</b>
Income tax		(\$33)	-
<b>Profit after tax</b>		<b>\$1,459,574</b>	<b>\$2,921,918</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income attributable to members</b>		<b>\$1,459,574</b>	<b>\$2,921,918</b>

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

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Consolidated		
	Note	2022 \$	2021 \$
Cash and cash equivalents	C1	\$1,452,788	\$905,180
Trade and other receivables	C2	\$460,214	\$415,845
Inventories		\$28,898	\$26,675
Other assets	C3	\$176,114	\$296,462
<b>Total current assets</b>		<b>\$2,118,014</b>	<b>\$1,644,162</b>
Investment property	C4	\$22,403,687	\$22,121,742
Property, plant and equipment		\$1,911,638	\$532,009
Intangibles	C5	\$2,307,776	\$2,302,988
Right of use asset		\$7,064,930	\$1,184,836
<b>Total non-current assets</b>		<b>\$33,688,031</b>	<b>\$26,141,575</b>
<b>Total assets</b>		<b>\$35,806,045</b>	<b>\$27,785,737</b>
Trade and other payables		\$190,338	\$267,648
Other current liabilities		\$864,909	\$1,070,378
Distribution payable		\$92,381	\$97,138
Financial liabilities	C7	\$463,962	\$93,000
Lease liability		\$242,262	\$78,318
Provisions	C6	97,960	\$106,658
<b>Total current liabilities</b>		<b>\$1,951,812</b>	<b>\$1,713,140</b>
Financial liabilities	C7	\$8,150,000	\$7,794,000
Lease liability		\$6,992,584	\$1,258,436
<b>Total non-current liabilities</b>		<b>\$15,142,584</b>	<b>\$9,052,436</b>
<b>Total liabilities</b>		<b>\$17,094,396</b>	<b>\$10,687,258</b>
<b>Net assets</b>		<b>\$18,711,649</b>	<b>\$17,098,479</b>
Ordinary units	C8	\$15,314,532	\$14,240,187
Retained earnings		\$3,397,117	\$2,858,292
<b>Total equity</b>		<b>\$18,711,649</b>	<b>\$17,098,479</b>

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

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated		
	Issued Units \$	Retained Profits \$	Total \$
<b>Balance as at 1 July 2020</b>	\$11,653,670	\$839,552	\$12,493,222
<u>Comprehensive income</u>			
Profit for the year	-	\$2,921,918	\$2,921,918
Profit distribution to unitholders	-	(\$903,178)	(\$903,178)
<b>Total comprehensive income for the year attributable to unitholders</b>	-	<b>\$2,018,740</b>	<b>\$2,018,740</b>
<u>Additional units issued</u>			
1. Dividend reinvestment Plan	\$997,127	-	\$997,127
2. Capital raises	\$2,115,000	-	\$2,115,000
Redemptions during year	(\$525,610)	-	(\$525,610)
<b>Total transactions with unitholders</b>	<b>\$2,586,517</b>	-	<b>\$2,586,517</b>
<b>Balance as at 30 June 2021</b>	<b>\$14,240,187</b>	<b>\$2,858,292</b>	<b>\$17,098,479</b>
<b>Balance as at 1 July 2021</b>	<b>\$14,240,187</b>	<b>\$2,858,292</b>	<b>\$17,098,479</b>
<u>Comprehensive income</u>			
Profit for the year	-	\$1,459,574	\$1,459,574
Profit distribution to unitholders	-	(\$920,749)	(\$920,749)
<b>Total comprehensive income for the year attributable to unitholders</b>	-	<b>\$538,825</b>	<b>\$538,825</b>
<u>Additional units issued</u>			
1. Dividend reinvestment Plan	\$686,836	-	\$686,836
2. Capital raises	\$730,307	-	\$730,307
Redemptions during year	(\$342,798)	-	(\$342,798)
<b>Total transactions with unitholders</b>	<b>\$1,074,345</b>	-	<b>\$1,074,345</b>
<b>Balance as at 30 June 2022</b>	<b>\$15,314,532</b>	<b>\$3,397,117</b>	<b>\$18,711,649</b>

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

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated	
	2022 \$	2021 \$
<b>Cashflow from operating activities</b>		
Receipts from customers	\$9,710,808	\$7,539,162
Payments to suppliers and employees	(\$7,814,274)	(\$4,761,312)
Interest paid	(\$569,560)	(\$269,565)
<b>Net cash provided by operating activities</b>	<b>\$1,326,974</b>	<b>\$2,508,285</b>
<b>Cash flow from investing activities</b>		
Purchase of investment property	(\$6,367,508)	(\$6,424,263)
Sale of investment property	-	\$2,199,229
Purchase of property, plant and equipment	(\$1,379,629)	(\$649,856)
<b>Net cash used in investing activities</b>	<b>(\$7,747,137)</b>	<b>(\$4,874,890)</b>
<b>Cash flow from financing activities</b>		
Distributions paid	(\$195,199)	(\$198,062)
Proceeds from issue of units	\$686,836	\$2,115,000
Proceeds from issue of units, not issued	\$115,561	-
Net borrowings	\$6,703,372	\$1,430,190
Payment for unit redemptions	(\$342,799)	(\$525,610)
<b>Net cash provided by financing activities</b>	<b>\$6,967,771</b>	<b>\$2,821,518</b>
Net increase in cash and cash equivalents	\$547,608	\$454,913
Cash and cash equivalents at the beginning of year	\$905,180	\$450,267
<b>Cash and cash equivalents at the end of year</b>	<b>\$1,452,788</b>	<b>\$905,180</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

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### A. ABOUT THE REPORT

#### A1. GENERAL INFORMATION

Vertua Opportunities Fund is an unregistered Managed Investment Scheme (MIS) domiciled in Australia. The Fund is a for-profit entity. The principal activity of the Fund during the year was that of investing in and operating tourism and hospitality assets and management rights attached to those assets in areas including Hotels, Motels, Caravan Parks, Restaurants, Food and Beverage operations, and other Specialist tourism assets, throughout Australia. The consolidated financial statements of the Fund and its controlled entities (Consolidated Entity, Group) were authorised for issue in accordance with a resolution of the Directors of the trustee company on 16 December 2022. At the date of this report the Fund has a strong working capital position, and its cash flow forecast indicates that it expects to be able to meet its minimum commitments and working capital requirements for the twelve month period from the date of signing the financial report.

#### A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Preparation

These financial statements are general purpose financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the Trust Deed

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

The significant accounting policies adopted in the preparation of the financial report are set out below, and in sections B and C of this financial report. These policies have been applied consistently to all periods presented in the financial report. The accounting policies are consistent with the recognition and measurement requirements of Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB). The consolidated financial report has been prepared under the historical cost convention, except for assets that are measured at fair value at the end of each reporting period. Cost is based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Australian dollars, which is the Fund's functional currency.

##### Current and Non-Current classification

The Fund presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is expected to be realised or consumed in normal operating cycle, is held primarily for the purpose of trading, or is expected to be realised within twelve months after the reporting period. All other assets are classified as non-current. A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

##### Net assets attributable to Unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the trustee if it is in the best interests of the unitholders. The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders. The units are carried at the redemption amount that is payable at balance date if the holder exercises the right to put the unit back to the Fund.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

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### A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Fund classifies net assets attributable to unit holders as equity, as they satisfy the following criteria. Unit holders are entitled to a pro-rata share of net assets in the event of the Fund's liquidation; the units are subordinate to all other classes of instruments and class features are identical; Units do not include contractual obligations to deliver cash or another financial asset or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund and are not contracts settled in the Fund's own equity instruments; and the total expected cash flows attributable to Units over their life are based substantially on profit or loss.

#### Applications and redemptions

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

#### Distributions to Unitholders

Distributions to unitholders comprise the net income of the Fund to which the unitholder is presently entitled. Any income distributions (if available) are made following the end of each financial year being 30 June each year or more frequently at the Trustees discretion.

#### New accounting standards and interpretations, and new accounting standards and interpretations not yet applicable

Certain new accounting standards and amendments to standards have been published that are not mandatory for reporting periods commencing 1 July 2022 and have not been early adopted by the Fund. These standards are not expected to have material impact on the Fund in the current or future reporting periods and on foreseeable transactions.

#### Significant judgements and estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Fund and that are believed to be reasonable under the circumstances. The significant estimates and judgments made are described below.

Fair values of Investment properties. The Fund obtains independent external valuations from suitably qualified experts. These are assessed and determined based on estimates and assumptions of uncertain future events.

Recoverable amount of goodwill. This is assessed based on estimates of future events and results which includes using a discounted cash flow analysis based on assumptions supported where possible by external observable information.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### B. TRUST PERFORMANCE

#### B1. DISTRIBUTION

During the year, the Fund made the following distributions:

	Year ended 30 June 2022 cents per unit	Year ended 30 June 2022 \$	Year ended 30 June 2021 cents per unit	Year ended 30 June 2021 \$
Distribution declared 31 December	3.50	\$451,044	3.75	\$460,772
Distributions declared 30 June	3.50	\$468,782	3.50	\$442,406

Key dates in connection with the 30 June 2022 distribution are:

	Date
Ex Distribution Date	30 June 2022
Record Date	30 June 2022
Distributions Payment Date	30 September 2022

#### Distribution and taxation

The Fund is not subject to income tax when its taxable income (including assessable realised capital gains) is distributed in full to the unitholders. The Fund ordinarily fully distributes its distributable income, calculated in accordance with the Fund's constitution. Investments and financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed to unitholders so that the Fund is not subject to capital gains tax. Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses the excess is distributed to the unitholders. Distributions paid and payable are recognised as distributions within equity. A liability is recognised where distributions have been declared but have not been paid. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

#### B2. REVENUE

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Sales – Accommodation and associate services	\$8,412,911	\$6,389,870
Service fee Revenue - Management Rights	\$94,810	\$85,471
Gains on Disposal	-	\$137,467
<b>Total revenue</b>	<b>\$8,507,721</b>	<b>\$6,612,808</b>
<u>Other income – adjustments</u>		
Fair Value adjustments through profit & loss	\$1,058,251	\$1,887,601
Other Income	\$189,238	\$561,553
<b>Total other income - adjustments</b>	<b>\$1,247,489</b>	<b>\$2,449,154</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### B2. REVENUE (CONTINUED)

#### Policy - revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised with reference to the completion by the Group of specific performance obligations of contracts with customers, as described below:

#### (i) Sales - accommodation and associated services

The Group applies AASB 15: Revenue from Contracts with Customers. Revenue is recognised primarily from the sale of food, beverage and accommodation by the Group and related services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

#### (ii) Service fee revenue – management rights

The Fund earns both a fixed asset-based management fees and performance driven asset management fees periodically for providing asset management services. These fees are generally recognised as revenue each period in accordance with the terms of the asset management contract.

#### (iii) Other income

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

#### (iv) Fair value adjustments through profit and loss

The fair value method is a method that measures a gain or loss from a financial arrangement as the change in its fair value between two points in time. The gain or loss for a particular period is the increase or decrease in its fair value between the beginning and end of the period, adjusted for amounts paid or received during the period. AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) defines fair value as 'the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction'.

#### (v) Interest income

Interest revenue is accrued on a timely basis, by reference to the principal outstanding using the effective interest rate method.

### B3. EXPENSES

Unless otherwise stated, expenses are recognised on an accruals basis as the obligation is incurred. Finance costs are recognised using the effective interest rate method.

#### (i) Depreciation and amortisation

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Depreciation	\$1,289,385	\$912,764
Amortisation	\$266,365	\$60,426
<b>Total depreciation &amp; amortisation</b>	<b>\$1,555,750</b>	<b>\$973,190</b>

Property, plant and equipment is carried at cost less, where applicable, accumulated depreciation and impairment. Plant and equipment are depreciated on a straight-line basis over their useful lives, commencing when the asset is ready for use. Leased assets and leasehold improvements are amortised over the shorter of either the unexpired of the lease or their estimated useful lives.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2022

#### B3. EXPENSES (CONTINUED)

The estimated useful lives used for each class of depreciable asset are; Buildings 25-40 years; Machinery 10-15 years; Vehicles 3-5 years; Furniture, fittings and equipment 3-8 years; Leasehold improvements 5-6 years; Leased plant and equipment 10-15 years. At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

##### (ii) Management and performance fees

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Management fees	\$243,348	\$229,263
Performance fees	-	\$163,563
<b>Total management and performance fees</b>	<b>\$243,348</b>	<b>\$392,826</b>

The Fund is liable to the Investment Manager (Manager) for fees and expenses associated with the acquisition, operation, and performance of the Fund. These are summarised as follows:

- Asset management fee, calculated as 0.8% of the net asset value of the Fund;
- Performance fee, calculated based on 20% above a levered 10% IRR paid at disposal (net of all management fees and expenses) on a 3-year basis; and
- Acquisition fee for the identification and acquisition of assets, calculated based on 1% of the purchase price of the asset, payable upon completion of the acquisition.

The Manager is further entitled to recover of expenses and costs the Manager incurs on behalf of the Fund associated with the acquisition, operation, and performance of the Fund.

#### B4. EARNINGS PER UNIT (EPU)

##### Basic earnings per unit

Basic earnings per unit is calculated by dividing the profit/(loss) after tax attributable to equity holders of the Fund by the weighted average number of ordinary units outstanding during the period, adjusted for bonus elements in ordinary units issued or cancelled during the period.

##### Diluted earnings per units

Diluted earnings per unit adjusts the figures used in determination of basic earnings per unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

	Year ended 30 June 2022	Year ended 30 June 2021
Net profit/loss attributable to the ordinary equity holders of the Group (\$)	\$1,459,574	\$2,921,918
Weighted average number of ordinary units for basic per share (Units)	13,393,790	12,148,824
<b>Continuing operations - Basic and diluted profit per share</b>	<b>\$0.1090</b>	<b>\$0.2405</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### C. TRUST ASSETS AND LIABILITIES

#### Policy - Financial instruments

The Fund classifies its financial instruments based on the business model and the cash flow characteristics of the instrument at initial recognition and re-evaluates this at each year end.

Financial instruments are initially measured at fair value, being the transaction price, plus, for financial instruments classified as held at amortised cost, directly attributable transaction costs. Transaction costs of financial instruments classified at fair value through profit and loss are expensed in the statement of comprehensive income. Regular way transactions are recognised on trade date.

Financial instruments classified as held to collect the contractual cash flows are subsequently measured at amortised cost. Interest is calculated by applying the effective interest rate method and is reflected in profit and loss.

Any impairment charge on financial assets measured at amortised cost includes the change in expected credit losses (ECL). ECL are calculated as the difference between the contractual cash flows that are due to the Fund and the cash flows that the Fund expects to receive given the probability of default and losses, discounted at the original effective interest rate. The ECL model has been built based on the levels of loss experienced, with due consideration given to forward-looking information.

The Fund's financial instruments measured at amortised cost comprise cash and cash equivalents, trade and other receivables, trade and other payables and financial liabilities.

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

#### C1. CASH AND CASH EQUIVALENTS

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Cash at bank	\$1,422,296	\$887,591
Cash on hand	\$28,492	\$17,589
<b>Total cash and cash equivalents</b>	<b>\$1,452,788</b>	<b>\$905,180</b>

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### C2. TRADE AND OTHER RECEIVABLES

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Trade and other receivables	\$460,214	\$369,845
Deposits	-	\$46,000
<b>Total trade and other receivables</b>	<b>\$460,214</b>	<b>\$415,845</b>

#### C3. OTHER ASSETS

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Prepayments	\$76,113	\$103,363
Unit Issue receivable	\$100,000	\$193,099
<b>Total other assets</b>	<b>\$176,113</b>	<b>\$296,462</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### C3. OTHER ASSETS (CONTINUED)

#### Policy – Assets held at fair value – Investment property

Assets and liabilities measured at fair value are classified within one of three levels within the fair value hierarchy; Level 1 being quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 being inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, and Level 3 being unobservable inputs.

The Fund measures and recognises Investment Property at fair value on a recurring basis, with gains or losses recognised in income. The fair value of Investment Property is principally determined based on the amount that the Fund can realise the assets for. The fair value is assessed at least each three years by external, independent and qualified valuers, and otherwise annually internally. The valuers use capitalised income projections based on estimated net market income and a capitalisation rate derived from an analysis of market evidence. Key inputs used in the valuations are the discount rate, terminal yield, capitalisation rate, expected occupancy rates and growth rates. The inputs are adjusted, if necessary, for any changes in economic circumstances between the measurement date and the reporting date. Changes in fair value are recognised in profit or loss, and therefore Investment Properties are classified as Level 3.

The Fund considers the level of hierarchy its investments each time a new or significant change to underlying investments is made. At the present time, the Fund does not envisage assets being transferred between hierarchy categories as the Funds investment strategy in relation to asset classes has not changed. No assets were transferred between hierarchy categories during the period.

### C4. INVESTMENT PROPERTY

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Investment property	\$22,403,687	\$22,121,742
<b>Total investment property</b>	<b>\$22,403,687</b>	<b>\$22,121,742</b>

The basis of valuations of the Funds Investment property as at 30 June 2022 are as follows.

Property	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$	Valuer	Last valuation date
<b>NSW</b>				
Tuross Head	\$3,682,639	\$3,185,757	External	3 June 2021
The Gateway Motel <sup>1</sup>	\$3,321,014	\$6,029,648	Internal	30 June 2022
Yamba Motor Inn	\$5,006,393	\$4,049,009	External	22 November 2020
Ballina Beach	\$788,598	-	External	6 September 2022
<b>TAS</b>				
Stewarts Bay Lodge	\$1,481,146	\$1,480,570	External	6 July 2021
On the Bay	\$1,506,401	\$1,566,703	External	6 July 2021
Barclay Motor Inn	\$4,220,622	\$3,575,000	External	6 July 2021
<b>VIC</b>				
Central Court	\$2,396,874	\$2,235,055	Internal	30 June 2022

<sup>1</sup> Management have made a preliminary assessment on the impact of the flood damage on the value of the Gateway Motel. A fair value loss of \$2,708,634 was taken up reflecting an assessment of the impact to the value of the property. The fund will further consider the carrying value once the relevant authority determines the appropriate strategy for the region



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2022

#### C5. INTANGIBLE ASSETS

##### Policy – Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period is reviewed annually. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

The Goodwill held by the fund is currently assessed as having an indefinite useful life. Other intangibles are amortised on a straight-line basis over 2 to 5 years.

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Goodwill	\$2,260,481	\$2,260,479
Management rights	-	\$42,509
Other	\$47,295	-
<b>Total intangible assets</b>	<b>\$2,307,776</b>	<b>\$2,302,988</b>

#### C6. PROVISIONS

##### Policy

Provisions are made for the liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled. Changes in the measurement of the liability are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### C7. BANK FACILITIES

The Fund has banking facilities with the National Australia Bank (NAB), secured with mortgages and a general charge over the assets of the Fund.

	Limit \$	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
NAB	\$434,200	\$131,600	\$93,000
Other	\$332,363	\$332,363	-
<b>Total current financial liabilities</b>	<b>\$766,563</b>	<b>\$463,963</b>	<b>-</b>

	Limit \$	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
NAB	\$10,000,000	\$8,150,000	\$7,794,000
<b>Total non current financial liabilities</b>	<b>\$10,000,000</b>	<b>\$8,150,000</b>	<b>\$7,794,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2022

#### C8. ISSUED CAPITAL

	Year ended 30 June 2022		Year ended 30 June 2021	
	Units	\$	Units	\$
Opening Balance	12,897,841	\$14,240,187	10,798,514	\$11,653,670
Units issued	278,672	\$686,836	1,763,203	\$2,115,000
Dividend Re-investment	540,968	\$730,307	781,562	\$997,127
Unit Redemption	(323,696)	(\$342,798)	(445,438)	(\$525,610)
<b>Closing Balance</b>	<b>13,393,785</b>	<b>\$15,314,532</b>	<b>12,897,841</b>	<b>\$14,240,187</b>

Costs directly attributable to the issue of new units or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

Ordinary units entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the units held. The fully paid ordinary units have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### D. FUND STRUCTURE

#### D1. INTEREST IN MATERIAL CONTROLLED ENTITIES

##### Basis of consolidation

The consolidated financial statements include the financial position and performance of controlled entities of the Fund (Group) from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group have been eliminated in full for the purpose of these financial statements.

Controlled entities are entities which the Fund controls. Control is established when the Parent Entity is exposed to or has rights to variable returns from its involvement with the entities and has the ability to affect those returns through its power to direct the activities of the entities. The Fund controls the following entities:

Controlled Entity	Entity type	Place of Incorporation	% Held 2022	% Held 2021
Vertua Opportunities Property Pty Ltd	Company	Australia	100%	100%
Vertua Opportunities Property Unit Trust	Trust	Australia	100%	100%
Tuross Head Holdings Pty Ltd	Company	Australia	100%	100%
Tuross Head Unit Trust	Trust	Australia	100%	100%
Australia Travel Agent Pty Ltd	Company	Australia	100%	100%
VOF Marketing Unit Trust	Trust	Australia	100%	100%
VOF FB Pty Ltd	Company	Australia	100%	100%
VOF FB Unit Trust	Trust	Australia	100%	100%
VOF 1 Pty Ltd	Company	Australia	100%	100%
VOF 1 Unit Trust	Trust	Australia	100%	100%
VOF Operations Pty Ltd	Company	Australia	100%	100%
VOF Operations Unit Trust	Trust	Australia	100%	100%
VOF Resorts Pty Ltd	Company	Australia	100%	-
VOF Resorts Unit Trust	Trust	Australia	100%	-

These entities are the Trustee companies of the underlying special purpose vehicles, which are unit trusts, which hold the underlying operating assets and liabilities of each of the Fund's Investments.

VOF Resorts Pty Ltd as Trustee for VOF Resorts Unit Trust was established for acquisition of Ballina Beach Resort.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2022

#### D2. RELATED PARTY TRANSACTIONS

Vertua Limited (Vertua) is the Investment Manager of the Fund. Vertua is also the sole shareholder in Vertua Opportunities Pty Ltd, which is the Trustee of the Fund. Accordingly, entities associated with Vertua are considered related parties.

Fees paid to Vertua, or associated companies of Vertua are:

- Management fees of \$236,129 (2021: \$229,236) were paid to Vertua.
- Performance fees of \$7,219 (2021: \$163,563) were accrued to Vertua.

The Fund did not hold any interests in related parties as at year end or throughout the current or prior years. Any other transactions with related parties have taken place at arm's length and in the ordinary course of business.

##### (i) Subsidiaries

Interests in subsidiaries are set out in Note D1. Balances and transactions between the Fund and its subsidiaries, which are related parties of the Fund, have been eliminated on consolidation and are not disclosed in this note.

##### (ii) Transactions with key management personnel

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
<b>Short term employee benefits</b>		
Salaries and fees	\$185,816	\$177,370
<b>Post-employment benefits</b>		
Superannuation	\$27,822	\$25,250
<b>Total remuneration</b>	<b>\$213,638</b>	<b>\$202,620</b>

#### D3. PARENT ENTITY DISCLOSURES

The table below represents the stand-alone financial position and performance of Vertua Opportunities Fund and does not include the financial position and performance of its subsidiaries. Accordingly, the amounts reflected above may be different from the consolidated financial statements.

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
<b>Assets</b>		
Current assets	\$164,052	\$282,535
Non-current assets	\$13,100,268	\$13,497,325
<b>Total assets</b>	<b>\$13,264,320</b>	<b>\$13,779,860</b>
<b>Liabilities</b>		
Current liabilities	\$382,513	\$391,872
Non-current liabilities	\$332,363	-
<b>Total liabilities</b>	<b>\$714,876</b>	<b>\$391,872</b>
<b>Total net assets</b>	<b>\$12,549,444</b>	<b>\$13,387,988</b>
<b>Equity</b>		
Issues capital	\$15,314,532	\$14,240,187
Retained earnings (excluding comprehensive income for the year)	(\$1,778,314)	(\$446,282)
Comprehensive income for the year	(\$986,774)	(\$405,917)
<b>Total equity</b>	<b>\$12,549,444</b>	<b>\$13,387,988</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

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### E. OTHER NOTES

#### E1. RISK

The Group's activities expose it to a variety of financial risks including but not limited to:

- Liquidity risk;
- Interest rate risk;
- Credit risk; and
- Capital Management risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risks to which it is exposed. The method used is a sensitivity analysis for each of liquidity risk and interest rate risk.

The capital structure of the Group consists of equity attributable to unit holders of the Fund, comprising issued unit, reserves and retained earnings.

#### Interest rate risk management

The Trust's activities expose it primarily to the financial risks of changes in interest rates.

#### Interest rate sensitivity

The sensitivity analysis below has been determined based on the Trust's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of financial assets and financial liabilities that have variable interest rates.

At reporting date, if variable interest rates had been 100 basis points ('bps') higher or lower and all other variables were held constant, the impact to the Fund has not been material.

#### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who oversee a liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to finance these future cash requirements.

#### Credit Risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables. Credit risk is managed on a group basis. For banks and financial institutions, the Group aims to hold deposits with independently rated parties with an acceptable credit rating.

#### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for unitholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the distribution amounts paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as current borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial performance plus net debt.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

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### **E2. COMMITMENTS AND CONTINGENCIES**

#### **Guarantees entered into by the Group**

There were no guarantees entered into by the Group as at 30 June 2022.

#### **Contingent Liabilities and Commitments of the Group**

The Group did not have any contingent liabilities or commitments as at 30 June 2022.

### **E3. EVENTS AFTER THE REPORTING DATE**

No other significant events have occurred since the reporting date of this report.

### **E4. ADDITIONAL INFORMATION**

The registered office and principal place of business of the Trust are as follows:

Suite 301, 44 Miller Street

North Sydney, NSW 2060

## DIRECTORS DECLARATION

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### IN THE DIRECTORS' OPINION:

The directors of the trustee company, Vertua Opportunities Pty Ltd, declare that:

1. the financial statements and notes for the year ended 30 June 2022:
  - a. comply with Australian Accounting Standards; and
  - b. give a true and fair view of the Fund's financial position as at 30 June 2022 and its performance for the year then ended;
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 with the continuing support of creditors.

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



Christopher Bregenhoj  
Chairman  
Sydney  
16 December 2022



# AUDITOR'S INDEPENDENT REPORT

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### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF VERTUA OPPORTUNITIES FUND

#### **Opinion**

We have audited the financial report of Vertua Opportunities Fund, (the Fund), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows for the year then ended, the consolidated statement of changes in equity, notes comprising a summary of significant accounting policies and other explanatory information and Directors' Declaration of the trustee company.

In our opinion the accompanying financial report of Vertua Opportunities Fund has been prepared in accordance with the Trust Deed including:

1. Giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
2. Complying with Australian Accounting Standards to the extent described in Note A2.

#### **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 Consolidated Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter - Basis of Accounting & Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to Note A2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the Trust Deed. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Vertua Opportunities Fund and should not be distributed to or used by parties other than Vertua Opportunities Fund. Our opinion is not modified in respect of this matter.

#### **Trustees' Responsibilities**

The Directors of the trustee company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards to the extent described in Note A2 and the Trust Deed 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.

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Liability limited by a scheme approved under Professional Standards Legislation

# AUDITOR'S INDEPENDENT REPORT

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## LNP Audit + Assurance

In preparing the financial report, the Directors 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 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 this financial report.

As part of an audit in accordance with 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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.

LNP Audit and Assurance Pty Ltd



Chin Ding Khoo  
Director

Sydney, 16 December 2022

## POST NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2022

#### Unit valuation

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Net assets of the Fund	\$18,711,648	\$17,098,479
Plus accrued distribution	\$468,782	\$97,138
Total unitholder funds	\$19,180,430	\$17,195,617
Units on Issue	13,393,790	12,897,841
Value per unit	<b>\$1.39</b>	<b>\$1.33</b>
<b>Total distributions paid during the period</b>	<b>\$0.07</b>	<b>\$0.07</b>



ABN

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