

# **JANA Real Estate Trust**

ARSN 643 698 917

## **Annual Report for the period 16 October 2020 to 30 June 2021**

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These financial statements cover the JANA Real Estate Trust as an individual entity.

The Responsible Entity of the JANA Real Estate Trust is Channel Investment Management Limited (ABN 22 163 234 240, AFSL 439007).  
The Responsible Entity's registered office is Level 19, Waterfront Place, 1 Eagle Street, Brisbane, QLD 4000.

## **Directors' report**

The Directors of Channel Investment Management Limited (ABN 22 163 234 240, AFSL 439007), the Responsible Entity of JANA Real Estate Trust (the "Trust"), present their report together with the financial report of the Trust for the period 16 October 2020 to 30 June 2021.

### **Principal activities**

The Trust is a registered managed investment fund domiciled in Australia.

The Trust was constituted on 20 August 2020, registered as a managed investment scheme on 4 September 2020 and commenced operations on 16 October 2020.

The Responsible Entity of the Trust is Channel Investment Management Limited (ABN 22 163 234 240) (AFSL 439007) (the "Responsible Entity"). The Responsible Entity's registered office is Level 19, Waterfront Place, 1 Eagle Street, Brisbane, QLD 4000. The financial statements are presented in the Australian currency.

The Responsible Entity is incorporated and domiciled in Australia.

Channel Investment Management Limited is also the Investment Manager of the Trust.

JANA Investment Advisers Pty Ltd is the Adviser of the Trust.

The Custodian of the Trust is Citibank N.A..

The Trust seeks to invest into multiple Underlying Funds. The Underlying Funds vary over time, together with weightings to sub-sectors according to the opportunity set.

A primary feature and objective of the Trust will be to generate stable long-term real estate returns derived from both income and capital appreciation.

The investment performance objective for the Trust is to generate a return of CPI plus 4% before fees and expenses over a rolling 7 year period.

The Trust did not have any employees during the period.

There were no significant changes in the nature of the Trust's activities during the period.

### **Directors**

The following persons held office as directors of Channel Investment Management Limited during or since the end of the period and up to the date of this report:

Mr G Holding	
Ms K Youhanna	
Mr S Jordan	
Mr J Yeo	Appointed 1 July 2021
Mr M Tibbett	Appointed 1 July 2021

The Responsible Entity has a Compliance Committee consisting of two independent persons and one non-independent person. This committee's role is to oversee the compliance requirements of the Trust operated by the Responsible Entity.

### **Review and results of operations**

The Trust commenced operations during the period and has invested in funds in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

## Directors' report (continued)

### Review and results of operations (continued)

The Trust's performance was 4.71% (net of fees) for the period ended 30 June 2021.

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

	For the period 16 October 2020 to 30 June 2021
Total comprehensive income for the year for the period (\$'000)	3,326
Distributions paid and payable (\$'000)	833
Distributions (cents per unit)	1.0884

### Significant changes in state of affairs

Following the commencement of the Fund on 16 October 2020, \$61,824,778 was transferred into the Fund by way of in-specie distribution from another fund.

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

### Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

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

### Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust.

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

The COVID-19 pandemic has presented significant challenges to global and domestic economies. Investment markets have been significantly disrupted by the pandemic which has caused uncertainty and increased market volatility. At the date of signing, there remains a high level of uncertainty regarding the extent and duration of the impact from the COVID-19 pandemic. The directors and investment manager continue to manage and monitor the actions taken to address negative impacts of the pandemic to the fund.

### Indemnification and insurance of officers and auditors

Insurance cover provided to either the officers of Channel Investment Management Limited or the auditors of the Trust is actually paid by Channel Capital Pty Ltd, the parent entity of Channel Investment Management Limited and not out of the assets of the Trust. So long as the officers of Channel Capital Pty Ltd, parent entity of Channel Investment Management Limited act in accordance with the Trust's Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

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

### Fees paid to and interests held in the Trust by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Trust property during the period are disclosed in Note 13 of the financial statements.

No fees were paid out of Trust property to the Directors of the Responsible Entity during the period.

## Directors' report (continued)

### Interests in the Trust

The movement in units on issue in the Trust during the period is disclosed in Note 12 to the financial statements.

The value of the Trust's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in Note 4 to the financial statements.

### Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

### Rounding of amounts to the nearest thousand dollars

The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### 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 5.

This report is made in accordance with a resolution of the Directors of Channel Investment Management Limited, the Responsible Entity.



Mr G Holding  
Director  
Channel Investment Management Limited

Brisbane  
28 September 2021



## *Auditor's Independence Declaration*

As lead auditor for the audit of JANA Real Estate Trust for the period 16 October 2020 to 30 June 2021, I declare that 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; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Paul Collins', written in a cursive style.

Paul Collins  
Partner  
PricewaterhouseCoopers

Brisbane  
28 September 2021

**Statement of comprehensive income**

	Notes	For the period 16 October 2020 to 30 June 2021 \$'000
<b>Investment income</b>		
Dividend income		956
Net gains/(losses) on financial instruments at fair value through profit or loss	5	<u>2,493</u>
<b>Total net investment income</b>		<u>3,449</u>
<b>Expenses</b>		
Management fees	13	112
Administration fees	13	<u>11</u>
<b>Total operating expenses</b>		<u>123</u>
<b>Operating profit/(loss) for the period</b>		<u>3,326</u>
Other comprehensive income		-
<b>Total comprehensive income/(loss) for the period</b>		<u>3,326</u>

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

**Statement of financial position**

	<b>Notes</b>	<b>As at 30 June 2021 \$'000</b>
<b>Assets</b>		
Cash and cash equivalents	8	38
Receivables	10	752
Financial assets at fair value through profit or loss	9	79,398
<b>Total assets</b>		<u>80,188</u>
<b>Liabilities</b>		
Distributions payable	7	833
Payables	11	37
<b>Total liabilities</b>		<u>870</u>
<b>Net assets attributable to unitholders - equity</b>	12	<u>79,318</u>

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

**Statement of changes in equity**

		For the period 16 October 2020 to 30 June 2021 \$'000
<b>Total equity at the beginning of the financial period</b>		-
Profit/(loss) for the period		3,326
Other comprehensive income		-
<b>Total comprehensive income</b>		<u>3,326</u>
<b>Transactions with unitholders</b>		
Applications	12	76,825
Distributions to unitholders	12	<u>(833)</u>
<b>Total transactions with unitholders</b>		<u>75,992</u>
<b>Total equity at the end of the financial period</b>		<u>79,318</u>

Changes in net assets attributable to unitholders are disclosed in Note 12.

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

## Statement of cash flows

	Notes	For the period 16 October 2020 to 30 June 2021 \$'000
<b>Cash flows from operating activities</b>		
Proceeds from maturity/sales of financial instruments at fair value through profit or loss		130
Purchase of financial instruments at fair value through profit or loss		(15,210)
Dividend received		210
Management fees paid		(79)
Administration fees paid		(7)
Other expenses paid		(6)
<b>Net cash inflow/(outflow) from operating activities</b>	14(a)	<u>(14,962)</u>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders		<u>15,000</u>
<b>Net cash inflow/(outflow) from financing activities</b>		<u>15,000</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>38</b>
Cash and cash equivalents at the beginning of the period		<u>-</u>
<b>Cash and cash equivalents at the end of the period</b>	8	<u><b>38</b></u>
Non-cash operating and financing activities	14(b)	<u><b>61,825</b></u>

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

## Notes to the financial statements

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## 1 General information

These financial statements cover JANA Real Estate Trust (the "Trust") as an individual entity. The Trust was constituted on 20 August 2020, registered as a managed investment scheme on 4 September 2020 and commenced operations on 16 October 2020.

The Trust is a registered managed investment scheme domiciled in Australia.

The Responsible Entity of the Trust is Channel Investment Management Limited (ABN 22 163 234 240) (AFSL 439007) (the "Responsible Entity"). The Responsible Entity's registered office is Level 19, Waterfront Place, 1 Eagle Street, Brisbane, QLD 4000. The financial statements are presented in the Australian currency.

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The Custodian of the Trust is Citibank N.A..

The Trust seeks to invest into multiple Underlying Funds. The Underlying Funds vary over time, together with weightings to sub-sectors according to the opportunity set.

A primary feature and objective of the Trust will be to generate stable long-term real estate returns derived from both income and capital appreciation.

A primary feature and objective of the Trust will be to generate stable long-term real estate returns derived from both income and capital appreciation.

The financial statements were authorised for issue by the directors of the Responsible Entity on 28 September 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated in the following text.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Trust is a for-profit entity for the purpose of preparing the financial statements.

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled in relation to these balances cannot be reliably determined.

#### (i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Trust also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### (ii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Trust.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments

#### (i) Classification

The Trust's investments are classified at fair value through profit or loss. They comprise of:

- Assets

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

For unit trusts and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

- Liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, dividends payable, management fees payable, administration fees payables and performance fees payable).

#### (ii) Recognition/derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Trust has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

#### (iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Trust measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Trust is the current bid price and the quoted market price for financial liabilities is the current asking price.

For further details on how the fair value of financial instruments is determined please see Note 4 to the financial statements.

#### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## 2 Summary of significant accounting policies (continued)

### (c) 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 interests of the unitholders in accordance with the Trust's constitution.

The units can be put back to the Trust at any time for cash based on the redemption price which is equal to a proportionate share of the Trust's net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Trust.

The Trust's Units are classified as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

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

### (d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand held at call with financial institutions.

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

### (e) Investment income

#### (i) Interest income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

#### (ii) Distribution income

Trust distributions are recognised on an entitlement basis.

### (f) Expenses

Any expenses which are paid by the unitholder from Trust assets are included in the Trust's financial statements and recognised in the profit or loss on an accruals basis. Any expenses that are paid directly to the Responsible Entity and/or investment manager by the unitholder as per the terms of individual agreements are not recognized in the Trust's financial statements.

## 2 Summary of significant accounting policies (continued)

### (g) Income tax

Under current legislation, the Trust is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders. The benefits of any imputation credits and foreign tax paid are passed on to unitholders.

### (h) Distributions

The Trust may distribute its distributable income, in accordance with the Trust's Constitution, to unitholders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

### (i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders.

### (j) Foreign currency transactions

#### (i) Functional and presentation currency

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for funds and is regulated. The Australian dollar is also the Trust's presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of within net gains/(losses) on financial instruments held at fair value through profit or loss in the statement of comprehensive income on a net basis.

### (k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the period. The due from brokers balance is held for collection and consequently measured at amortised cost.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Trust shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Trust shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

### (l) Receivables

Receivables may include due amounts for coupon payments. Coupon payments are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC).

## 2 Summary of significant accounting policies (continued)

### (l) Receivables (continued)

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Trust shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Trust shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

### (m) Payables

Payables include liabilities and accrued expenses owed by the Trust which are unpaid as at the end of the reporting period.

As the Trust has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the statement of financial position as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

### (n) Applications and redemptions

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

### (o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as audit fees, custodial services and investment management fees have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### (p) Use of estimates

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Trust's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

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

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

### (q) Comparative period

The Trust was constituted on 20 August 2020 and commenced operations on 16 October 2020. The reporting period covers the period 16 October 2020 to 30 June 2021, hence there is no comparative information.

## 2 Summary of significant accounting policies (continued)

### (r) Rounding of amounts

The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

## 3 Financial risk management

### (a) Objectives , strategies, policies and processes

The Trust's activities expose it to a variety of financial risks including market risk (which incorporates interest rate risk, price risk and foreign exchange risk), credit risk and liquidity risk.

The Trust's overall risk management program focuses on ensuring compliance with the Trust's Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Responsible Entity (the Board).

### (a) Objectives , strategies, policies and processes (continued)

The Trust uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ratings analysis for credit risk.

As part of its risk management strategy, the Trust uses derivatives and other investments, including forward currency contracts, to manage exposures resulting from changes in exchange rates, and exposures arising from forecast transactions. These methods are explained below.

### (b) Market risk

#### (i) Interest rate risk

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible, thus limiting the exposure of the Trust to interest rate risk.

#### (ii) Price risk

The Trust is exposed to price risk on equity securities listed or quoted on recognised securities exchanges. Price risk arises from investments held by the Trust for which prices in the future are uncertain. 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 which are considered a component of price risk.

The underlying investments of the Trust are infrequently repriced and generally not traded on recognised exchanges. Whilst this in itself helps mitigate price risk, the Investment Manager further manages this risk by diversifying the overall portfolio into markets and assets that are not closely correlated. Further, the Investment Manager will generally only invest into assets into which it has formed the view that upside value has either not been recognised or can be created, thereby providing cushion against adverse market movements.

The Investment Manager continues to monitor the impact of COVID-19 and take appropriate action to reduce the volatility and negative impacts on the Fund.

The table at Note 3(c) summarises the sensitivities of the Trust's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Trust invests moves by +/- 10%.

#### (iii) Foreign exchange risk

The Fund is not exposed to significant risks from movements in foreign exchange rates as there are no financial assets and liabilities denominated in foreign currencies.

### 3 Financial risk management (continued)

#### (c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Trust's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Trust invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	<b>Impact on operating profit/net assets attributable to unitholders</b>	
	<b>Price risk</b>	
	<b>Increase/(decrease)</b>	
	<b>+10%/(10%)</b>	
	<b>\$'000</b>	
<b>As at 30 June 2021</b>	<b>7,940</b>	<b>(7,940)</b>

#### (d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Trust holds no collateral as security or any other credit enhancement. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past their due date.

##### (i) Settlement of securities transactions

All transactions in fixed income securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

##### (ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA (as determined by Standard and Poor's/Moody's) or higher.

##### (iii) Other

The Trust is not materially exposed to credit risk on other financial assets.

##### (iv) Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

#### (e) Liquidity risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

In accordance with the Trust's policy, the Responsible Entity monitors the Trust's liquidity position on a daily basis. The Trust's policy is reviewed annually. In order to manage the Trust's overall liquidity, the responsible entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Trust did not reject or withhold any redemptions during 2021.

The Trust's Constitution provides for daily application and redemption of units and it is therefore exposed to liquidity risk of meeting unitholder redemptions at any time. Units are redeemed on demand at the unitholder's option. At 30 June 2021, net assets attributable to unitholders was \$79,318,188.

### 3 Financial risk management (continued)

#### (e) Liquidity risk (continued)

##### (i) Maturities of non-derivative financial liabilities

The table below analyses the Trust's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2021	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
Distributions payable	833	-	-	-	833
Payables	37	-	-	-	37
<b>Contractual cashflows</b>	<b>870</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>870</b>

### 4 Fair value measurement

The Trust measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

The Trust has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

#### Fair value hierarchy

Classification of financial assets and financial liabilities

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Trust values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

#### (a) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Trust would receive or pay to terminate the contract at the end of reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The foreign currency contracts are valued at the forward rate.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

#### 4 Fair value measurement (continued)

##### (a) Fair value in an inactive or unquoted market (Level 2 and Level 3) (continued)

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

The following table presents the Trust's financial assets and liabilities measured and recognised at fair value according to the fair value hierarchy at 30 June 2021:

As at 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Unlisted unit trusts	-	79,398	-	79,398
<b>Total financial assets</b>	-	79,398	-	79,398

#### 5 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and liabilities at fair value through profit or loss:

	For the period 16 October 2020 to 30 June 2021 \$'000
<b>Financial assets</b>	
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	2,493
<b>Net gains/(losses) on financial assets at fair value through profit or loss</b>	<u>2,493</u>
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<u>2,493</u>

#### 6 Auditor's remuneration

During the period the following fees were paid or payable for services provided by the auditor of the Trust:

	For the period 16 October 2020 to 30 June 2021 \$
<b>PricewaterhouseCoopers Australia firm</b>	
<b>Audit and other assurance services</b>	
Audit and review of financial statements	12,500
Audit of compliance plan	7,500
Total remuneration for audit and other assurance services	<u>20,000</u>
<b>Taxation services</b>	
Taxation services	4,000
Total remuneration for taxation services	<u>4,000</u>
<b>Total remuneration of PricewaterhouseCoopers</b>	<u>24,000</u>

The fees for audit, other assurance services and non-audit services are paid by the Responsible Entity out of the administration fees that they earn.

## 7 Distribution to unitholders

The distributions declared during the period were as follows:

	For the period 16 October 2020 to 30 June 2021	
	\$'000	CPU
<b>Distributions</b>		
June (payable)	833	1.0884
<b>Total distributions</b>	833	1.0884

## 8 Cash and cash equivalents

	As at 30 June 2021 \$'000
Cash at bank	38
<b>Total cash and cash equivalents</b>	38

## 9 Financial instruments at fair value through profit or loss

	As at 30 June 2021 \$'000
<b>Financial assets</b>	
Unlisted unit trusts	79,398
<b>Total financial assets at fair value through profit or loss</b>	79,398
<b>Total financial instruments at fair value through profit or loss</b>	79,398

## 10 Receivables

	As at 30 June 2021 \$'000
Dividends receivable	746
GST receivable	6
<b>Total receivables</b>	752

## 11 Payables

	As at 30 June 2021 \$'000
Management fees payable	33
Administration fees payable	4
<b>Total payables</b>	37

## 12 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	For the period 16 October 2020 to 30 June 2021	
	Units	Dollars \$'000
<b>Net assets attributable to unitholders</b>		
Opening balance	-	-
Applications	76,549,754	76,825
Distributions paid and payable	-	(833)
Profit/(loss) for the period	-	3,326
<b>Closing balance</b>	<b>76,549,754</b>	<b>79,318</b>

As stipulated within the Trust's Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right in the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

### Capital risk management

The Trust manages its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Trust is subject to daily applications and redemptions at the discretion of unitholders.

The Trust monitors the level of daily applications and redemptions relative to the liquid assets in the Trust. The Trust's strategy is to hold a certain portion of the net assets attributable to unitholders in liquid investments. Liquid assets include cash and cash equivalents. Under the terms of the Trust's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units, if the exercise of such discretion is in the best interests of unitholders.

## 13 Related party transactions

The Responsible Entity and Investment Manager of JANA Real Estate Trust is Channel Investment Management Limited.

Channel Investment Management Limited has appointed JANA Investment Advisers Pty Ltd as the Adviser of the Trust and Mainstream Fund Services Pty Ltd to act as Administrator for the Trust. Citibank N.A. is the Custodian of the Trust.

The following fees are charged by the Responsible Entity:

### (i) Management fee

The Trust's Constitution permits the Responsible Entity to charge a management fee of up to 0.50% per annum (including GST less stamp duty and RITC) of the net asset value of the Trust. From this, the Responsible Entity pays JANA Investment Advisers Pty Ltd a fee for acting as the Adviser to the Trust.

The management fee is calculated and accrued daily and is paid monthly in arrears.

### (ii) Administration fee

Administration fee is charged by the Responsible Entity for administering the Trust. The maximum administration fee is 0.05% per annum (including GST less stamp duty and RITC) of the net asset value of the Trust for Class A Units and is calculated and accrued daily and paid monthly in arrears.

The administration fees for Channel Investment Management Limited are payable by the Trust.

This fee covers the costs and expenses of providing administration services to the Trust. These costs and expenses include registry, administration, custodial and compliance, excluding extraordinary expenses.

### 13 Related party transactions (continued)

The transactions during the period and amounts payable at period end between the Trust and the Responsible Entity were as follows:

**For the period  
16 October  
2020  
to  
30 June  
2021  
\$**

Management fees for the period paid by the Trust to the Responsible Entity	111,773.92
Administration fees for the period paid by the Trust to the Responsible Entity	11,177.39
Aggregate amounts payable to the Responsible Entity at the end of the reporting period	<b>36,717.05</b>

#### (a) Key management personnel

*Responsible Entity and Investment Manager*

The key management personnel of Channel Investment Management Limited at any time during the financial period are as follows:

##### **Name**

Mr G Holding  
Ms K Youhanna  
Mr S Jordan

#### (b) Related party unit holdings

Parties related to the Trust (including Channel Investment Management Limited, its related parties and other schemes managed by Channel Investment Management Limited and the Investment Manager) did not hold any units in the Trusts.

#### (c) Key management personnel compensation

Key management personnel are paid by Channel Capital Pty Ltd, the parent entity of Channel Investment Management Limited. Payments made from the Trust to Channel Investment Management Limited do not include any amounts directly attributable to key management personnel remuneration.

#### (d) Key management personnel loan disclosures

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

#### (e) Other transactions within the Trust

From time to time directors of Channel Investment Management Limited or their director related entities, may invest in or withdraw from the Trust. These investments or withdrawals are on the same terms and conditions as those entered into by other Trust investors and are trivial in nature.

Apart from those details disclosed in this note, no key management personnel of the Responsible Entity have entered into a material contract with the Trust during the period and there were no material contracts involving directors' interests existing at period end.

#### 14 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

For the period  
16 October  
2020  
to  
30 June  
2021  
\$'000

##### (a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

Profit/(loss) for the period	3,326
Proceeds from sale of financial instruments at fair value through profit or loss	130
Purchase of financial instruments at fair value through profit or loss	(15,210)
Net (gains)/losses on financial instruments at fair value through profit or loss	(2,493)
Effects of foreign currency exchange rate changes on cash and cash equivalents	-
(Increase)/decrease in receivables	(752)
Increase/(decrease) in payables	37
<b>Net cash inflow/(outflow) from operating activities</b>	<u>(14,962)</u>

##### (b) Non-cash financing activities

In-specie distributions received from another fund	61,825
<b>Total non-cash financing activities</b>	<u>61,825</u>

#### 15 Events occurring after the reporting period

No significant events have occurred since the end of the period which would impact on the financial position of the Trust as disclosed in the statement of financial position as at 30 June 2021 or on the results and cash flows of the Trust for the period ended on that date.

#### 16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2021.

## Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 23 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2021 and of its performance for the period ended on that date.
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that 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.



Mr G Holding  
Director  
Channel Investment Management Limited

Brisbane  
28 September 2021



## *Independent auditor's report*

To the Unitholders of JANA Real Estate Trust

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### *Our opinion*

In our opinion:

The accompanying financial report of JANA Real Estate Trust (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2021 and of its financial performance for the period 16 October 2020 to 30 June 2021.
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### ***What we have audited***

The financial report comprises:

- the statement of financial position as at 30 June 2021
- the statement of comprehensive income for the period 16 October 2020 to 30 June 2021
- the statement of changes in equity for the period 16 October 2020 to 30 June 2021
- the statement of cash flows for the period 16 October 2020 to 30 June 2021
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the declaration of the Directors of the Responsible Entity.

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

### ***Independence***

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### *Other information*

The Directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the period 16 October 2020 to 30 June 2021, but does not include the financial report and our auditor's report thereon.

**PricewaterhouseCoopers, ABN 52 780 433 757**

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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 on the other information that we obtained prior to the date of this auditor's report, 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.

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### *Responsibilities of the Directors of the Responsible Entity 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 of the Responsible Entity 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 ability of the Registered Scheme 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 of the Responsible Entity either intend to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial report*

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

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

The PricewaterhouseCoopers logo is a stylized, cursive script of the company name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Paul Collins'.

Paul Collins  
Partner

Brisbane  
28 September 2021