

**Atlas High Income Property Fund**

**ABN 82 852 160 067**

Annual report for the financial year ended 30 June 2023

<b>Table of Contents</b>	<b>Page</b>
Directors' Report	1
Auditor's Independent Declaration	4
Directors' Declaration	5
Independent Auditor's Report	6
Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023	8
Statement of Financial Position as at 30 June 2023	9
Statement of Changes in Equity for the financial year ended 30 June 2023	10
Statement of Cash Flows for the financial year ended 30 June 2023	11
 Notes to the Financial Statements	
1. General Information	12
2. Adoption of New and Revised Accounting Standards	12
3. Significant Accounting Policies	12
4. Financial Risk Management	17
5. Investments in Financial Instruments	19
6. Net Gains/(Losses) on Financial Instruments held at Fair Value through Profit or Loss	22
7. Net Assets Attributable to Unitholders	22
8. Distributions to Unitholders	22
9. Management Fees Paid and Payable	23
10. Cash and Cash Equivalents	23
11. Auditor's Remuneration	24
12. Related Party Transactions	24
13. Contingent Assets and Liabilities and Commitments	25
14. Subsequent Events	25

### Directors' Report

The directors of One Managed Investment Funds Limited (ABN: 47 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"), the Responsible Entity of Atlas High Income Property Fund (ABN 82 852 160 067) (the "Fund") submit their report together with the financial statements for the Fund for the year ended 30 June 2023.

### Responsible Entity

The Responsible Entity of the Fund is OMIFL.

The registered office and principal place of business of the Responsible Entity is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW 2000, Australia.

### Investment Manager

The investment manager of the Fund is Atlas Funds Management Pty Ltd (ABN 83 612 499 528; AFSL 491 395) ("Investment Manager").

The principal place of business of the Investment Manager is Suite 218, 165 Phillip Street, Sydney, NSW 2000, Australia.

### Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity, during the financial year and up to the date of this report are:

Name	Title
Frank Tearle	Executive Director & Company Secretary
Sarah Wiesener	Executive Director & Company Secretary
Michael Sutherland	Executive Director

### Principal Activities

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted on 9 March 2017, commenced operations on 20 March 2017, and was registered as a managed investment scheme on 3 May 2017.

The principal activity of the Fund during the period was to invest in accordance with the provisions of the Fund's Constitution dated 9 March 2017, as amended from time to time, and its most recent Product Disclosure Statement dated 29 September 2022.

The Fund aims to provide investors with income primarily through the acquisition of securities in the ASX A-REIT 200 Index. There is an overlay of an active strategy of selling call options over a portfolio of ASX-listed property securities. A portion of the additional income may be used to sell call options to reduce capital risk. Atlas uses its quantitative and qualitative analysis to identify property securities within the ASX listed property sector that can be expected to: 1) deliver a consistently higher than average distribution yield; and 2) allow the fund manager to generate additional income by writing call options over the property securities held.

The Fund did not have any employees during the year.

## **Directors' Report (continued)**

### **Review of Operations**

#### **Results**

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of this financial report. The net loss attributable to unitholders for the financial year ended 30 June 2023 was \$186,621 (2022: profit \$285,176).

#### **Distributions**

In respect of the financial year ended 30 June 2023, distributions of \$1,046,099 (2022: \$1,115,854) were declared and paid of which a distribution of \$263,872 (2022: \$273,710) was payable for the period ended 30 June 2023.

#### **Value of Assets and Units Issued**

The following units of the Fund were on issue at financial year end:

	<b>30 June 2023</b>		<b>30 June 2022</b>	
	<b>No. of Units</b>	<b>Fair value (\$)</b>	<b>No. of Units</b>	<b>Fair value (\$)</b>
	8,995,591	14,814,349	8,595,622	15,366,815
<b>Total units</b>	<b>8,995,591</b>	<b>14,814,349</b>	<b>8,595,622</b>	<b>15,366,815</b>

The total value of assets at 30 June 2023 was \$15,090,759 (2022: \$15,653,698).

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the financial year end as at 30 June 2023.

#### **Significant Changes in State of Affairs**

There were no other significant changes in the state of affairs of the Fund.

#### **Subsequent Events**

There has been no matter or circumstances occurring subsequent to the end of the year that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

#### **Likely Developments and Expected Results of Operations**

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in its most recent Product Disclosure Statement dated 29 September 2022.

#### **Environmental Regulation and Performance**

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

**Directors' Report (continued)**

***Indemnification of Directors, Officers and Auditors***

During or since the financial year, the Fund has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Fund or any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Fund. In addition, the Fund has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

***Auditor***

ESV Business Advice and Accounting was appointed as auditor of the Fund in accordance with Section 327 of the *Corporations Act 2001*.

***Auditor's Independence Declaration***

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

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle  
Director

06 September 2023



**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As auditor for the audit of Atlas High Income Property Fund for year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Sydney on the 6<sup>th</sup> of September 2023

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

**ESV Business Advice and Accounting**

A handwritten signature in black ink, appearing to read 'H N'.

**Hemant Nisar**  
**Client Director**

**Directors' declaration**

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 8 to 25 are in accordance with the *Corporations Act 2001*, including:
- complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended 30 June 2023.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) The financial statements are in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board, as noted in Note 3(a).

Signed in accordance with a resolution of the directors of the Responsible Entity.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle  
Director

06 September 2023

**INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF ATLAS HIGH INCOME PROPERTY FUND****Opinion**

We have audited the financial report, being a general purpose financial report of Atlas High Income Property Fund (the 'Fund'), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the financial report of Atlas High Income Property Fund is in accordance with the *Corporations Act 2001*, including:
  - i) giving a true and fair view of the financial position of the Fund for the year ended 30 June 2023 and of its performance for the year ended on that date; and
  - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

**Basis for opinion**

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

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

**Other Information**

The directors of the responsible entity are responsible for the other information. The other information comprises the Directors' Report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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



## **INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF ATLAS HIGH INCOME PROPERTY FUND**

### **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 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 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 wind-up the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf) This description forms part of our auditor's report.

Dated at Sydney on the 6<sup>th</sup> of September 2023



**ESV Business advice and accounting**



**Hemant Nisar**  
**Client Director**

## Atlas High Income Property Fund

### Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Note	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
<b>Income</b>			
Net losses on financial assets at fair value through profit and loss	6	(962,802)	(376,128)
Dividend income		925,530	816,083
Interest income		1,381	325
<b>Total Income</b>		<b>(35,891)</b>	<b>440,280</b>
<b>Expenses</b>			
General fund expense		4,018	7,267
Management fee expense	9	146,712	147,837
<b>Total expenses</b>		<b>150,730</b>	<b>155,104</b>
<b>(Loss)/profit attributable to unitholders</b>		<b>(186,621)</b>	<b>285,176</b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	8	(1,046,099)	(1,115,854)
Decrease in net assets attributable to unitholders	7	1,232,720	830,678
<b>Profit for the year</b>		<b>-</b>	<b>-</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period attributable to unitholders of the Fund</b>		<b>-</b>	<b>-</b>

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

## Atlas High Income Property Fund

### Statement of Financial Position for the year ended 30 June 2023

	Note	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
<b>Assets</b>			
Cash and cash equivalents	10(a)	203,446	211,419
Financial assets at fair value through profit or loss	5(a)	14,570,662	15,175,802
GST receivable		4,193	4,040
Dividends receivable		312,444	262,371
Interest receivable		14	66
<b>Total assets</b>		<b>15,090,759</b>	<b>15,653,698</b>
<b>Liabilities</b>			
Management fees payable		12,538	13,173
Distribution payable		263,872	273,710
<b>Total liabilities</b>		<b>276,410</b>	<b>286,883</b>
<b>Net assets attributable to unitholders</b>	<b>7</b>	<b>14,814,349</b>	<b>15,366,815</b>

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

## Atlas High Income Property Fund

### Statement of Changes in Equity for the financial year ended 30 June 2023

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
<b>Total equity at the beginning of the year</b>	-	-
Profit for the year	-	-
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	-	-
Transactions with owners in their capacity as equity holders	-	-
<b>Total equity at the end of the financial year</b>	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial period.

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

## Atlas High Income Property Fund

### Statement of Cash Flows for the financial year ended 30 June 2023

	Note	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
<b>Cash flows from operating activities</b>			
Net payments for purchase and sale of financial instruments held at fair value through profit or loss		(357,948)	(2,385,222)
Management fees paid		(147,347)	(145,832)
Dividends received		875,457	754,843
GST paid		(153)	(773)
General fund expenses paid		(3,732)	(7,001)
<b>Net cash provided by/(used in) operating activities</b>	<b>10(b)</b>	<b>366,277</b>	<b>(1,783,985)</b>
<b>Cash flows from financing activities</b>			
Interest received		1,433	292
Proceeds from unitholder applications		349,030	2,648,400
Redemptions paid		(153,437)	(412,708)
Distributions paid		(571,276)	(541,965)
<b>Net cash (used in)/provided by financing activities</b>		<b>(374,250)</b>	<b>1,694,019</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(7,973)</b>	<b>(89,966)</b>
Cash and cash equivalents at the beginning of the year		211,419	301,385
<b>Cash and cash equivalents at the end of the year</b>	<b>10(a)</b>	<b>203,446</b>	<b>211,419</b>
<b>Non-cash financing activities</b>	<b>10(b)</b>	<b>484,661</b>	<b>539,795</b>

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

## **1. General Information**

These financial statements cover the Atlas High Income Property Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme and was constituted on 9 March 2017, commenced operations on 20 March 2017 and was registered as a managed investment scheme on 3 May 2017.

The Responsible Entity of the Fund is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW 2000.

The Investment Manager of the Fund is Atlas Funds Management Pty Ltd (ACN 612 499 528, AFSL 491 395) (“Investment Manager”).

The Fund invests in securities in the ASX A-REIT 200 Index, and aims to provide income to investors through these holdings together with an overlay of an active strategy of selling call options over a portfolio of ASX-listed property securities. A portion of the additional income may be used to purchase put options to reduce capital risk. Investment Manager will use quantitative and qualitative analysis to identify property securities within the ASX listed property sector that can be expected to: 1) deliver a consistently higher than average distribution yield; and 2) allow the investment manager to generate additional income via writing call options over the property securities held.

The financial statements were authorised for issue by the directors on the date the Directors' Declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## **2. Adoption of New and Revised Accounting Standards**

### ***New or amended Accounting Standard and Interpretations adopted in the current period***

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. These Standards and Interpretations did not have any material impact on these financial statements.

### ***New standards and interpretations not yet adopted***

There are no new standards or interpretations applicable that would have a material impact for the Fund.

## **3. Significant Accounting Policies**

### ***(a) Statement of Compliance***

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001*, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board and the Fund’s Constitution.

Compliance with Australian Accounting Standards, as issued by the AASB, ensures that the financial statements and notes thereto comply with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Consequently, these financial statements have been prepared in accordance with and comply with IFRS as issued by the IASB.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements, as issued by the IASB. These policies have been consistently applied unless otherwise stated in the following text.

### **3. Significant Accounting Policies (continued)**

#### ***(b) Basis of preparation***

These general purpose financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments in financial assets and liabilities, which have been measured at fair value. The Fund is a for-profit entity for the purpose of preparing the financial statements.

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 expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

All amounts are presented in Australian dollars as the functional and presentational currency of the Fund.

#### ***(c) Going concern basis***

The financial report has been prepared on a going concern basis.

#### ***(d) Revenue and income recognition***

##### **Revenue**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

##### **Changes in the fair value of financial instruments held at fair value through profit or loss**

Changes in the fair value of financial assets and liabilities are recognised in the profit or loss in which the changes occur.

##### **Distributions and Dividend Income**

Distributions and dividend income from investments are recognised when the right to receive the payment is established.

##### **Interest Income**

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

#### ***(e) Expenses***

All expenses including Responsible Entity fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

### **3. Significant Accounting Policies (continued)**

#### ***(f) Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and cash balances held by the custodian.

#### ***(g) Investments in financial instruments***

Investments in financial instruments are categorised in accordance with AASB9 'Financial Instruments'. This classification is determined by the purpose underpinning the acquisition of the investment. The classification of each financial instrument is re-evaluated at each financial year end.

Designated at fair value through profit or loss

Investments of the Fund have been designated at fair value through profit or loss. All investments are initially recognised at fair value of the consideration paid including transaction costs. After initial recognition, the financial assets that are designated at fair value through profit or loss are re-valued to fair value at each reporting date.

The fair value of financial assets 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 and liabilities held by the Fund is the current close price.

The investments held by the Fund have been designated at fair value through profit or loss as doing so results in more relevant information. These investments are part of a full group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

The Fund recognises a financial asset when it becomes a party to the contractual provisions of the instrument. Purchases and sales of investments in financial instruments are accounted for as at the trade date.

#### ***(h) Taxation***

Under current legislation, the Fund is not subject to income tax provided that the unitholders are presently entitled to the income of the Fund and that the Fund entirely distributes its taxable income.

#### ***(i) Distributions***

In accordance with the Product Disclosure Statement, the Fund expects to pay income distributions quarterly. An income distribution comprises the Investor's shares of any net income earned by the Fund. Where a distribution is made, the entitlement to income in respect of the class for a distribution period is the entitlement of the class for the period divided by the number of units of the class on issue as at the relevant distribution date.

Distributable income includes capital gains arising from the disposal of investments. Unrealised gains or losses on investments that are recognised in the Statement of Profit or Loss and Other Comprehensive Income are not distributed until realised. Capital losses are not distributed to unitholders and are retained to be offset against future realised capital gains. Some portion of the annual distribution may comprise return of capital.

#### ***(j) Payables***

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.



### **3. Significant Accounting Policies (continued)**

#### ***(k) Due to/from broker***

Amounts due to/from brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by period end. Trades are recorded on trade date, and are normally settled within 2 business days.

A provision for loss allowance due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant difficulties of the broker, and the probability that the broker will enter into bankruptcy or financial reorganisation and default in payments.

#### ***(l) Receivables***

Receivables may include amounts for dividends, interest, and securities sold where settlement has not yet occurred. Dividends are accrued when the right to receive payment is established. Interest is accrued in accordance with the method outlined in note 3(d). Amounts are generally received within 30 days of being recorded as receivables.

Impairment AASB 9 requires the Fund to record expected credit losses (ECLs) on all of its receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Fund to credit risk, no material ECL has been recognised. The Fund only holds receivables with no financing component and that have maturities of less than 12 months.

#### ***(m) 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.

#### ***(n) Net assets attributable to unitholders***

The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

#### ***(o) Critical accounting judgements and key sources of estimation uncertainty***

Management has adhered to the Fund's unit pricing policy which sets out the basis upon which the units of the Fund have been valued, a copy of which is available upon request.

In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

### **3. Significant Accounting Policies (continued)**

#### ***(o) Critical accounting judgements and key sources of estimation uncertainty (continued)***

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the determination of the value of investments are outlined in Note 5 of these financial statements.

#### ***(p) Goods and services tax ("GST")***

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### ***(q) Redeemable units***

The units issued by the Fund provide the unitholders with the right to redeem their units for cash equal to their proportionate share of the net asset value of the Fund. AASB 132 "Financial Instruments Presentation" permits certain puttable instruments that impose on an entity an obligation to deliver to another party a pro- rata share of the net assets of the entity on liquidation to be classified as equity, subject to specified criteria being met.

The Fund's redeemable units do not meet the specified criteria and have been consequently classified as liabilities. The liability to unitholders is presented on the Statement of Financial Position as "Net assets attributable to unitholders" and is determined based on the residual assets of the Fund after deducting the Fund's other liabilities.

#### **4. Financial Risk Management**

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and currency risk), credit risk and liquidity risk.

The Fund's overall financial risk management programme focuses on ensuring liquidity and valuation risks are managed and compliance with the Fund's Product Disclosure Statement and the law. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity is limited to the fair value of those positions.

The management of these risks is carried out by the Investment Manager under its policies and in accordance with the Investment Management Agreement approved by the directors of the Responsible Entity. The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

##### **(a) Credit risk**

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

The Fund is also exposed to counterparty credit risk on cash and cash equivalents, amounts due from brokers and other receivables.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's credit position on an ongoing basis.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved; and
- ensuring that transactions are undertaken with a large number of counterparties.

There were no significant concentrations of credit risk to counterparties at 30 June 2023. The Fund only has a material credit risk exposure to the banks that holds the cash balances at 30 June 2023. Credit risk is mitigated by the Fund by investing their cash through Major Australian Banks.

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
AA-	74,470	186,460
A+	128,976	24,959
	<b>203,446</b>	<b>211,419</b>

#### **4. Financial Risk Management (continued)**

##### ***(a) Credit risk (continued)***

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

All transactions in listed 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 purchase orders on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

##### ***(b) Market risk***

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices liquidity. Market risk is managed and monitored on an ongoing basis by the Investment Manager.

##### ***(c) Currency risk***

The Fund is not exposed to currency risk as it invests in ASX listed companies and AREITs.

##### ***(d) Price Risk***

The Fund is exposed to equity securities price risk.

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Price risk is managed by monitoring compliance with established investment mandate limits. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

As at 30 June 2023, a positive 10% sensitivity would have had an impact on the Fund's operating profit and net assets attributable to unit holders of \$1,457,066 (2022: \$1,517,580). A negative sensitivity would have an equal but opposite impact.

##### ***(e) Liquidity risk***

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

In order to control the liquidity risk associated with its investments, the Fund conducts its investing activities in accordance with agreed investment guidelines.

The Fund is exposed to daily cash redemptions of its units. Its policy is therefore to hold investments that are traded in an active market and can be readily disposed.

The Fund's listed securities are considered readily realisable, as they are listed on the Australian Securities Exchange.

In order to manage the Fund'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 Fund did not reject or withhold any redemption during the year ended 30 June 2023.

## Atlas High Income Property Fund

### Note to the financial statements

#### 4. Financial Risk Management (continued)

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

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2023 to the contractual maturity date. Units are redeemed on demand at the unitholder's option. However, the directors do not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

	30 June 2023				
	On demand	< 1 month	1-12 months	> 12 months	Total
Liabilities	\$	\$	\$	\$	\$
Management fees payable	-	12,538	-	-	12,538
Distributions payable	-	263,872	-	-	263,872
Net assets attributable to unitholders	14,814,349	-	-	-	14,814,349
<b>Total liabilities</b>	<b>14,814,349</b>	<b>276,410</b>	<b>-</b>	<b>-</b>	<b>15,090,759</b>

	30 June 2022				
	On demand	< 1 month	1-12 months	> 12 months	Total
Liabilities	\$	\$	\$	\$	\$
Management fees payable	-	13,173	-	-	13,173
Distributions payable	-	273,710	-	-	273,710
Net assets attributable to unitholders	15,366,815	-	-	-	15,366,815
<b>Total liabilities</b>	<b>15,366,815</b>	<b>286,883</b>	<b>-</b>	<b>-</b>	<b>15,653,698</b>

The amounts in the table are the contractual undiscounted cash flows. Balances equal their carrying balances, as the impact of discounting is not significant.

#### 5. Investments in Financial Instruments

##### (a) Financial assets at fair value through profit or loss

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
<b>Designated at fair value through profit or loss</b>		
Investments in listed equities	14,570,662	15,175,802
<b>Total financial assets at fair value through profit or loss</b>	<b>14,570,662</b>	<b>15,175,802</b>

## **5. Investments in Financial Instruments (continued)**

### ***(b) Fair value hierarchy***

Financial instruments carried at fair value are categorised under a three level hierarchy. Financial instruments are categorised based on the observable market inputs when estimating their fair value. If different levels of inputs are used to measure a financial instrument's fair value, the instrument's classification within the hierarchy is based on the lowest level of input that was significant to the fair value measurement.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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).

#### Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

#### Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

#### Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

The following table shows an analysis of financial instruments held at 30 June 2023 recorded at fair value and presented by level of the fair value hierarchy:

## Atlas High Income Property Fund

### Note to the financial statements

#### 5. Investments in Financial Instruments (continued)

##### (b) Fair value hierarchy (continued)

	30 June 2023			Total
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Financial assets</b>				
Investments in listed securities	14,570,662	-	-	14,570,662
<b>Total financial assets held at fair value through profit or loss</b>	<b>14,570,662</b>	<b>-</b>	<b>-</b>	<b>14,570,662</b>

	30 June 2022			Total
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Financial assets</b>				
Investments in listed securities	15,175,802	-	-	15,175,802
<b>Total financial assets held at fair value through profit or loss</b>	<b>15,175,802</b>	<b>-</b>	<b>-</b>	<b>15,175,802</b>

#### Transfer between levels

There have been no transfers between levels for the year ended 30 June 2023 (30 June 2022: Nil).

##### (c) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates their fair value.

## Atlas High Income Property Fund

### Note to the financial statements

#### 6. Net Gains/(Losses) on Financial Instruments held at Fair Value through Profit or Loss

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Unrealised losses on financial instruments designated at fair value through profit or loss	(1,115,334)	(551,225)
Realised gains on financial instruments designated at fair value through profit or loss	152,532	175,097
<b>Net loss on financial instruments designated at fair value through profit or loss</b>	<b>(962,802)</b>	<b>(376,128)</b>

#### 7. Net Assets Attributable to Unitholders

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

	Year ended 30 June 2023		Year Ended 30 June 2022	
	No. of Units	\$	No. of Units	\$
Opening balance	8,595,622	15,366,815	7,195,886	13,452,006
Applications for units by unitholders	489,593	833,691	1,607,273	3,158,195
Redemptions of units by unitholders	(89,624)	(153,437)	(207,537)	(412,708)
Decrease in net assets attributable to unitholders	-	(1,232,720)	-	(830,678)
<b>Closing balance</b>	<b>8,995,591</b>	<b>14,814,349</b>	<b>8,595,622</b>	<b>15,366,815</b>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

#### 8. Distributions to Unitholders

It is intended that distributions of at least 1.75% of the Net Asset Value ("NAV") per unit are made each quarter. Should the Fund not generate sufficient net income to cover the distribution in any financial year, then part or all of any distribution may be a return of capital. Interim distributions of 1.75% of the NAV will generally be made within 30 days following the quarters ending September, December and March each year. The final distribution (for June quarter) may be the higher of 1.75% of NAV or the excess net income and realised capital gains generated during the year over the interim distributions paid and fund expenses and may take longer than 30 days for payment. As such distributions of \$1,046,099 were declared for the financial year ended 2023 with \$263,872 payable at year end. Part or all of the distribution may comprise a return of capital.



## Atlas High Income Property Fund

### Note to the financial statements

#### 9. Management Fees Paid and Payable

Management fees are the fees charged to manage and oversee the operation of the Fund. The Investment Manager charges a management fee of 0.95% per annum (inclusive of GST net of RITC) of the gross asset value of the Fund. The fee charged and payable monthly in arrears out of the assets of the Fund.

The following management fees were paid or payable out of the Fund's property during the financial year ended 30 June 2023:

- Management fees of \$146,712 (2022: \$147,837) (GST inclusive) were incurred during the year.
- Management fees payable at 30 June 2023 were \$12,538 (2022: \$13,173) (GST inclusive).

#### 10. Cash and Cash Equivalents

##### (a) Cash and cash equivalents

	As at 30 June 2023	As at 30 June 2022
	\$	\$
Cash and cash equivalents	203,446	211,419
	<b>203,446</b>	<b>211,419</b>

##### (b) Reconciliation of profit/(loss) for the year to net cash flows used in operating activities:

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
<b>Profit/(loss) for the period</b>	-	-
Decrease in net assets attributable to unitholders	(1,232,720)	(830,677)
Change in value of financial assets held at fair value through profit or loss	962,802	376,129
Net proceeds from purchase and sale of financial assets held at fair value through profit or loss	(357,948)	(2,385,224)
Interest income	(1,381)	(325)
Distribution to unitholders	1,046,099	1,115,854
Other expenses	286	264
Increase in receivables and other assets	(50,226)	(62,010)
(Decrease)/increase in payables	(635)	2,004
<b>Net cash provided by/(used in) operating activities</b>	<b>366,277</b>	<b>(1,783,985)</b>

## Atlas High Income Property Fund

### Note to the financial statements

#### 10. Cash and Cash Equivalents (continued)

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
<b>Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	484,661	539,795

#### 11. Auditor's Remuneration

The auditor of the Fund is ESV Business Advice and Accounting. Auditor's remuneration for the year ended 30 June 2023 will be paid by the Investment Manager:

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
<b>Audit and other assurance services</b>		
Audit and review of financial statements	14,150	8,750
Audit of compliance plan - Ernst & Young	5,000	-
<b>Total remuneration for audit and other assurance services</b>	<b>19,150</b>	<b>8,750</b>

#### 12. Related Party Transactions

The Responsible Entity of the Fund is OMIFL.

##### **(a) Management fees paid and payable to the Investment Manager**

Management fees are the fees charged by the Investment Manager to provide investment management services to the Fund.

##### **(b) Other fees paid to related parties**

The Responsible Entity has appointed third party service providers to the Fund, some of whom are related parties of the Responsible Entity. The following entities, which are related parties of the Responsible Entity, have provided services to the Fund during the financial year ended 30 June 2023:

One Registry Services Pty Limited (ACN 141 757 360) - unit registry services.

OMIFL also acts as custodian for the Fund and receives a fee for doing so.

Unity Fund Services Pty Limited ("UFS"), an associated entity of OIG has been appointed for the provision of administration and tax services to the Fund.

## **12. Related Party Transactions (continued)**

### ***(b) Other fees paid to related parties (continued)***

None of the above has received any remuneration directly from the Fund in relation to these services and they are paid by the Investment Manager.

### ***(c) Key management personnel***

#### **(i) Directors**

The key management personnel of the Responsible Entity, during the period and up to the date of this report are:

<b>Name</b>	<b>Title</b>
Frank Tearle	Executive Director & Company Secretary
Sarah Wiesener	Executive Director & Company Secretary
Michael Sutherland	Executive Director

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the year and as at 30 June 2023.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel at any time during the period.

#### **(ii) Other Key Management Personnel**

The key management personnel of the Investment Manager at any time during the financial period are:

<b>Name</b>	<b>Title</b>
Hugh Dive	Chief Investment Officer

### **Other Key Management Compensation**

Other key management personnel of the Investment Manager have not been compensated out of the Fund for the years ended 30 June 2023 and 30 June 2022.

## **13. Contingent Assets and Liabilities and Commitments**

There are no contingent assets and liabilities and commitment as at 30 June 2023 (2022: Nil).

## **14. Subsequent Events**

There has not been any matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.