

Arrow Primary Infrastructure Fund

ARSN 110813851

**Interim report - for the half-year ended
31 December 2024**



Arrow Primary Infrastructure Fund

ARSN 110813851

Interim report - 31 December 2024

Contents	Page
Responsible entity's report	1
Auditor's independence declaration	4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	14
Independent auditor's review report	15

These financial statements cover Arrow Primary Infrastructure Fund (the "Fund") and are presented in Australian currency.

The Responsible entity of the Fund is Arrow Funds Management Limited (ACN 146 671 276). Its registered office is at Level 47 (North Tower), 80 Collins Street, Melbourne VIC 3000.

Responsible Entity's report

The directors of Arrow Funds Management Limited, the Responsible Entity of Arrow Primary Infrastructure Fund (the "Fund" or "APIF"), present their report together with the financial statements of the Fund for the half-year ended 31 December 2024.

Directors

The following persons held office as directors of Arrow Funds Management Limited during the period and up to the date of this report:

Andrew Ashbolt
Murray Jones
Matthew Reid
Gerald O'Byrne (Alternative director for Matthew Reid)

Principal activities

The Fund is an open-ended, unlisted property trust with investments in Australian property and infrastructure assets used in the primary production industry.

During the period the Fund owned 22 properties which were leased to leading Australian primary production companies involved in the poultry, pork, almond, dried fruit, mango, citrus and glasshouse industries.

The Fund's Boomberra Park property, a large-scale Macadamia orchard located in the Northern Rivers region of NSW, continues to be operated by Boomberra Park Macadamias Pty Ltd, a subsidiary of the Arrow Operations Trust and owned by the Fund's unit holders.

On 25 October 2024, Eco Fresh Organics Pty Ltd commenced operating the Fund's Cobbitty glasshouse, taking over the business previously carried on by Green Camel Pty Ltd after they were placed into Administration on 25 July 2024. Eco Fresh Organics Pty is also a subsidiary of Arrow Operations Trust.

No properties were disposed of, and no new properties acquired during the period.

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

Review and results of operations

1. Results:

The net profit recorded for the half year to 31 December 2024 differed from the half year to 31 December 2023 due to non-cash items such as revaluation of investment properties, straight line rent adjustments required under accounting standards and the marking to market of forward interest rate derivatives held by the Fund.

The Fund's Normalised Earnings ⁽¹⁾ for the half year period was \$5,722,134 which was down by \$127,619 (2%) when compared to the previous corresponding period.

The following calculation of Normalised Earnings shows the operating performance of the Fund for its investors:

	31 December 2024	31 December 2023
Net profit for the half-year	\$5,194,649	\$9,001,926
Add back: Depreciation and amortisation	\$1,352,597	\$1,290,537
Revaluation of investment property and agricultural assets	\$1,497,658	(2,465,711)
Straight line rent adjustment	(\$1,423,736)	(\$1,781,141)
Rent from Boomberra Park Macadamias Pty Ltd	(\$2,428,750)	(\$2,150,000)
MTM loss/(gain) on derivative instruments	1,529,362	1,954,142
Realised loss/(gain) on plant and equipment	354	-
Normalised Earnings ⁽¹⁾	\$5,722,134	\$5,849,753
Normalised Earnings per unit (cents per unit) ⁽¹⁾	3.03	3.13
Distributions paid and payable	\$7,559,530	\$7,480,590
Distributions (cents per unit)	4.00	4.00

(1) Normalised Earnings is the net profit for the year excluding statutory non-operating accounting adjustments such as accounting for fair value movements in property valuations and other financial assets, straight line lease accounting and other non-cash items such as amortisation of debt establishment fees and depreciation. For the purpose of this calculation, we have also excluded the rent from Boomberra Park Macadamias Pty Ltd. If this rent was to be included, the Normalised Earnings per unit would be 4.31 cents per unit.

Review and results of operations (continued)

1. Results (continued)

The main factors influencing the net profit for the half-year period were:

- Total property rental income of \$17.219 million which was up by \$0.585 million compared with the previous corresponding period. This figure includes:
 - base property rent of \$15.881 million (up by \$0.941 million);
 - straight-line rental adjustments of \$1.424 million (down by \$0.357 million).
- Finance costs increased to \$5.173 million, up \$0.685 million compared with the previous corresponding period. This was due to increased borrowings and rises in interest rates. The average interest rate for half-year to December 2024 was 5.28% compared to 5.21% for FY2024 and 5.13% for the half year to December 2023.
- The administrative cost of running the Fund calculated by annualising the Indirect Cost Ratio (ICR) was 2.04% for the half-year compared to 1.98% for the previous corresponding period.
- The "Marked to Market" movement in the Fund's interest rate derivatives resulted in a loss of \$1.529 million compared to a loss of \$1.954 million for the previous corresponding period. This reflects the market's expectation that future interest rate expectations are now lower than they were 12 months ago.
- A decrease in the valuation of investment properties of \$1.535 million, compared to an increase of \$2.428 million in the previous corresponding period. The \$1.535 million comprises a decrease in independent valuations of \$0.111 million and an adjustment for straight-lining of rent of \$1.424 million.

2. Value of Fund's Assets:

	31 December 2024	30 June 2024
Total assets	\$434,931,994	\$429,390,901
Net assets attributable to unitholders	\$230,650,578	\$232,455,171
Net asset value ('NAV') per unit	\$1.2223	\$1.2290

The value of the Fund's assets and liabilities is derived using the basis disclosed in note 2 of the financial statements of the most recent annual financial report (30 June 2024).

The loan to valuation ratio ("LVR") was 46.7% at 31 December 2024 compared to 45.8% at 30 June 2024 and 44.2% at 31 December 2023.

3. Contributed Equity

There was no equity raising conducted by the Responsible Entity during the half-year to 31 December 2024, with the only new equity being that issued under the Fund's Distribution Reinvestment Plan (DRP).

During the half-year to December 2024, a total of 1,231,492 new units were issued under the DRP at a value of \$1,507,540.

The DRP represents an opportunity for all unitholders to increase their holding in the Fund. Investor participation for the latest quarter ending 31 December 2024 was 19% (by units).

Distributions for the Fund were paid from cash available from operating activities and borrowings.

Distributions paid or provided for in the half year to 31 December 2024 were \$7,559,530 (December 2023: \$7,480,590)

The Responsible Entity offered a withdrawal facility during the period from 27 August to 27 September 2024 and a total of 1,678,816 units were redeemed at a value of \$1,960,186.

As at 31 December 2024 there were 507 unitholders in the Fund.

4. Asset Acquisitions

During the period, the Fund spent a total of \$0.681 million on Capex at the Fund's Eumaralla Farm and Boombera Park properties. The Fund also paid \$4.6 million to Boombera Park Macadamias Pty Ltd as a lease incentive to support development of the property's macadamia trees.

5. Debt facilities

On 5 December 2024, the Fund's borrowing facilities with its secured lender were increased by \$10.00 million to \$210.0 million. At 31 December 2024 the Fund had total borrowings drawn down on these facilities of \$197.50 million.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Fund that occurred during the period ended 31 December 2024.

Matters subsequent to the end of the reporting period

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) 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 the governing documents of the Fund and in accordance with the provisions of the Fund's constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of financial and property markets in which the Fund 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.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

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.

This report is made in accordance with a resolution of the directors.



Andrew Ashbolt
Director

Melbourne
20 February 2025

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Arrow Funds Management Limited, the Responsible Entity for Arrow Primary Infrastructure Fund

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Arrow Primary Infrastructure Fund for the half-year ended 31 December 2024. 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance
Melbourne, 20 February 2025

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Arrow Primary Infrastructure Fund
Statement of profit or loss and other
comprehensive income
For the half-year ended 31 December 2024

Statement of profit or loss and other comprehensive income

		31 December 2024	31 December 2023
	Notes	\$	\$
Revenue			
Property rental	2	17,218,685	16,633,751
Interest revenue		66,084	36,592
Revaluation of investment properties	3	(1,534,527)	2,428,842
Revaluation of agricultural assets	5	36,869	36,869
Loss on fair value of derivative financial instruments		(1,529,362)	(1,954,142)
Loss on sale of fixed asset		(354)	31,709
Total revenue and other income		14,257,395	17,213,621
Expenses			
Direct property expenses		(500,150)	(478,676)
Responsible entity's management fee		(2,157,590)	(2,052,009)
Custodian fee		(28,733)	(27,682)
Depreciation of agricultural assets	5	(730,047)	(707,173)
Depreciation of plant and equipment		(293,084)	(253,022)
Other expenses		(180,538)	(205,605)
Finance costs		(5,172,604)	(4,487,528)
Total expenses		(9,062,746)	(8,211,695)
Net profit for the half-year		5,194,649	9,001,926
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Revaluation of agricultural assets	5	1,012,933	990,935
Total comprehensive income for the half-year		6,207,582	9,992,861
Total comprehensive income for the half-year is attributable to:			
Unitholders of Arrow Primary Infrastructure Fund		6,207,582	9,992,861

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Arrow Primary Infrastructure Fund
Statement of financial position
As at 31 December 2024

Statement of financial position

		31 December 2024	30 June 2024
	Notes	\$	\$
Current assets			
Cash and cash equivalents		594,105	544,050
Trade and other receivables		2,809,337	1,023,948
Finance lease receivable		68,536	70,263
Total current assets		3,471,978	1,638,261
Non-current assets			
Investment properties	3	350,366,381	350,368,491
Intangible assets	4	9,377,586	9,377,586
Agricultural assets	5	63,076,032	57,856,788
Plant and equipment		3,080,781	3,027,378
Derivative financial instruments		4,948,320	6,477,682
Finance lease receivable		610,916	644,715
Total non-current assets		431,460,016	427,752,640
Total assets		434,931,994	429,390,901
Current liabilities			
Trade and other payables		1,814,018	1,065,060
Distributions payable		3,769,883	3,777,051
Finance Lease Liability		68,536	70,263
Total current liabilities		5,652,437	4,912,374
Non-current liabilities			
Trade and other payables		333,454	126,572
Interest-bearing liabilities	6	197,684,609	191,252,069
Finance lease liability		610,916	644,715
Total non-current liabilities		198,628,979	192,023,356
Total liabilities		204,281,416	196,935,730
Net assets		230,650,578	232,455,171
Equity			
Contributed equity	7	148,174,879	148,627,524
Asset revaluation reserve		31,624,697	30,611,764
Retained earnings		50,851,002	53,215,883
Total equity		230,650,578	232,455,171

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

Arrow Primary Infrastructure Fund
Statement of changes in equity
For the half-year ended 31 December 2024

Statement of changes in equity

	Note	Contributed equity \$	Retained earnings \$	Revaluation reserve \$	Total equity \$
Balance at 1 July 2023		144,317,459	54,010,520	28,606,194	226,934,173
Profit for the period		-	9,001,926	-	9,001,926
Other comprehensive income for the period		-	-	990,935	990,935
Total comprehensive income for the period		-	9,001,926	990,935	9,992,861
Transactions with owners in their capacity as owners:					
Issue of new units (net of capital raising costs)		2,704,802	-	-	2,704,802
Redemption of units		-	-	-	-
Distributions provided for or paid	8	-	(7,480,590)	-	(7,480,590)
Balance at 31 December 2023		147,022,261	55,531,856	29,597,129	232,151,246
		Contributed equity \$	Retained earnings \$	Revaluation reserve \$	Total equity \$
Balance at 1 July 2024		148,627,524	53,215,883	30,611,764	232,455,171
Profit for the period		-	5,194,649	-	5,194,649
Other comprehensive income for the period		-	-	1,012,933	1,012,933
Total comprehensive income for the period		-	5,194,649	1,012,933	6,207,582
Transactions with owners in their capacity as owners:					
Issue of new units (net of capital raising costs)		1,507,540	-	-	1,507,540
Redemption of units		(1,960,185)	-	-	(1,960,185)
Distributions provided for or paid	8	-	(7,559,530)	-	(7,559,530)
Balance at 31 December 2024		148,174,879	50,851,002	31,624,697	230,650,578

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

Arrow Primary Infrastructure Fund
Statement of cash flows
For the half-year ended 31 December 2024

Statement of cash flows

	Notes	31 December 2024	31 December 2023
		\$	\$
Cash flows from operating activities			
Property rental receipts		17,943,835	15,186,270
Payments to suppliers		(5,628,573)	(4,034,361)
Interest received		63,726	48,604
Finance costs paid		(5,057,653)	(4,379,030)
Net cash inflow from operating activities	9	7,321,335	6,821,483
Cash flows from investing activities			
Payments for investment properties		(108,681)	(9,044,845)
Payments for agricultural assets		(5,219,244)	(3,136,762)
Payments for plant and equipment		(346,841)	(623,734)
Net cash outflow from investing activities		(5,674,766)	(12,805,341)
Cash flows from financing activities			
Net proceeds from equity raising/redemptions		(452,645)	2,704,802
Draw down of borrowings		6,422,829	9,986,157
Distributions paid to unitholders		(7,566,698)	(7,434,988)
Net cash outflow from financing activities		(1,596,514)	5,255,971
Net decrease in cash and cash equivalents		50,055	(727,887)
Cash and cash equivalents at the beginning of the half-year		544,050	1,098,714
Cash and cash equivalents at the end of the half-year		594,105	370,827

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

1 Summary of significant accounting policies

(a) Basis of preparation of half-year financial report

This condensed interim financial report for the half year reporting period ended 31 December 2024 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. While current liabilities exceed current assets, the Directors are not aware of any material uncertainties that may cast doubt on the ability of the Fund to continue as a going concern. The Fund has \$12.5 million available under its lender-committed borrowing facility.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Arrow Primary Infrastructure Fund (the Fund) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

All policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(b) New accounting standards and interpretations

Accounting standards issued but not yet effective and not been adopted early

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Accounting standards adopted at 1 July 2024

There are several minor amendments and interpretations which apply for the first time from July 2024, but do not have an impact on the interim financial statements of the Fund.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(c) Accounting Estimates and Judgements

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the half 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.

(d) Agricultural assets

Agricultural assets are measured at fair value less point of sale costs and subsequent depreciation.

Any revaluation surplus arising upon appraisal of the agricultural assets is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of the agricultural assets are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

The investment properties which include agricultural assets are subject to long term leases. These properties are carried at independent valuations. The capitalisation of future cash flows method and the direct comparison summation method of valuation are used to determine the fair value less estimated point of sale costs of the agricultural assets based on the nature of tenants' long-term leases.

The valuation of investment properties which include agricultural assets and water licences is assessed on an aggregate basis and the independent valuer may or may not separate the valuation into components which are required to be separately disclosed in the financial statements in order to meet Australian Accounting Standards. The carrying amount of each component of property is determined by independent valuers.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the asset. The agricultural asset is depreciated over useful lives of 15 to 30 years.

2 Revenue

	31 December 2024	31 December 2023
	\$	\$
Revenue includes:		
(a) Property rental recognised over time from:		
Base property rent	15,880,752	14,939,973
Rent – expenses recoverable	233,952	233,268
Other rental income (recognised on a straight-line basis) ⁽¹⁾	1,423,736	1,781,141
Amortisation of lease incentive	(319,755)	(320,631)
Total rental income	17,218,685	16,633,751

⁽¹⁾ Rental income from operating leases is recognised as income on a straight-line basis over the lease term. Where a lease has fixed annual increases, the total rent receivable over the operating lease is recognised as revenue on a straight-line basis over the lease term. This results in more income being recognised early in the lease term and less late in the lease term compared to the lease conditions.

3 Investment properties

All investment properties, were independently valued as at 31 December 2024. A full valuation was completed on Thyra Farm, while all other properties received independent desktop valuations.

	31 December 2024	30 June 2024
	\$	\$
At fair value		
Opening balance	350,368,491	330,038,846
Acquisition costs and capital expenditure on properties	108,681	17,338,676
Revaluations	(1,534,527)	1,750,845
Changes in fair value for straight-lining of rent adjustment	1,423,736	1,240,124
Closing balance	350,366,381	350,368,491

4 Intangible assets

The Fund owns 5,677 megalitres (June 2024: 5,677 megalitres) of permanent water licences, which form an integral part of long-term property leases with several tenants. Water licences have an indefinite useful life as a result of their legal form and are therefore not amortised.

Movement in the carrying amounts for intangible assets for the half-year/year:

	31 December 2024	30 June 2024
	\$	\$
Opening cost	9,377,586	9,377,586
Acquisitions	-	-
Disposals	-	-
Closing balance	9,377,586	9,377,586

5 Agricultural assets

Trees and vines are an integral part of the agricultural assets that are leased to tenants under long-term leases.

The Fund owns the following agricultural assets as at 31 December 2024:

- (a) 609 ha of planted almond trees;
- (b) 753 ha of planted macadamia trees;
- (c) 635 ha of planted vines;
- (d) 179 ha of planted mango trees; and
- (e) 107 ha of planted citrus trees.

Movement in the carrying amounts for agricultural assets for the half-year/year:

	31 December 2024 \$	30 June 2024 \$
Gross carrying amount		
Opening balance	77,776,764	68,777,585
Acquisition	572,729	242,576
Lease Incentive ⁽¹⁾	4,326,760	6,677,296
Revaluation of Ag Assets – recovery of prior impairment to profit & loss	36,869	73,737
Revaluations ⁽²⁾	1,012,933	2,005,570
Closing balance	83,726,055	77,776,764
Depreciation		
Opening balance	19,919,976	18,481,930
Depreciation	730,047	1,438,046
Closing balance	20,650,023	19,919,976
Carrying amount	63,076,032	57,856,788

- (1) In the 6 months to December 2024, the Fund paid Boomberra Park Macadamias Pty Ltd a lease incentive of \$4,646,515 for the continued development of the Boomberra Park property, in particular, the macadamia trees. This incentive will be amortised over the life of the lease. Amortisation for the 6 months to December 2024 was \$319,755.
- (2) Revaluations increases of agricultural assets are typically recognised in comprehensive income, except where they may be shown in the profit and loss to offset a previously recognised revaluation decrease in the profit and loss. During the 6 months to December 2024, \$36,869 (June 2024: \$73,737) of revaluation increases have been recognised in the profit and loss, while \$1,012,933 (June 2024: \$2,005,570) is recognised in comprehensive income.

6 Interest bearing liabilities

	31 December 2024	30 June 2024
	\$	\$
Non-current		
Secured:		
Plant & equipment loans	202,301	279,472
Cash advance loan facility ⁽ⁱ⁾	197,500,000	191,000,000
Unamortised borrowing costs	(17,692)	(27,403)
Total non-current interest-bearing liabilities	<u>197,684,609</u>	<u>191,252,069</u>

⁽ⁱ⁾ On 5 December 2024, the Fund formally increased borrowing facilities with its secured lender by \$10.00 million to \$210.0 million.

7 Contributed equity

Movement Year ended 30 June 2024	Number of units	\$
Opening Balance	185,656,321	144,317,459
Issue of new Ordinary units – Dividend Reinvestment Plan	4,038,792	4,956,958
Redeemed Units	(551,064)	(646,893)
Closing Balance	<u>189,144,049</u>	<u>148,627,524</u>

Movement for the half year ended 31 December 2024

Opening Balance	189,144,049	148,627,524
Issue of new Ordinary units – Dividend Reinvestment Plan	1,231,492	1,507,540
Redeemed units	(1,678,816)	(1,960,185)
Closing Balance	<u>188,696,725</u>	<u>148,174,879</u>

As stipulated in the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to 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

Distributions paid or payable to unitholders

	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	\$	\$	cpu	cpu
Non-Cash distribution ⁽¹⁾	-	100	0.00	0.00
September quarter	3,789,647	3,729,612	2.00	2.00
December quarter	3,769,883	3,750,878	2.00	2.00
Total distributions to unitholders for the half-year	<u>7,559,530</u>	<u>7,480,590</u>	<u>4.00</u>	<u>4.00</u>

(1) During the previous corresponding half-year the Fund made a non-cash distribution of its investment in Boombera Park Macadamias Pty Ltd to the Arrow Operations Trust.

9 Reconciliation of profit to net cash inflow from operating activities

	31 December 2024	31 December 2023
	\$	\$
Profit for the period	5,194,649	9,001,926
Straight lining adjustment on rental income	(1,423,736)	(1,781,141)
Amortisation of borrowing costs	9,711	9,710
Net (Gain)/Loss in fair value of investment properties	1,534,527	(2,428,842)
Amortisation of lease incentive	319,755	320,631
Depreciation of Agricultural Assets	730,047	707,173
Depreciation of Plant and Equipment	293,084	253,022
Net gain on fair value of derivative financial instruments	1,529,362	1,954,142
Net (Gain)/Loss on fixed assets	354	(31,709)
(Revaluation)/Impairment of agricultural assets	(36,869)	(36,869)
Changes in operating assets and liabilities:		
Decrease/(Increase) in receivables	(1,785,389)	(975,331)
Increase/(decrease) in payables	955,840	(171,229)
Net cash inflow from operating activities	7,321,335	6,821,483

10 Contingent assets and liabilities and capital commitments

Contingent assets

There were no outstanding contingent assets or liabilities as at 31 December 2024 (Dec 2023: nil).

Capital commitments

Due within one year	5,066,811	12,898,194
Due greater than one year and less than five years	-	1,265,956
Net cash inflow from operating activities	5,066,811	14,164,150

11 Other related party disclosures

Eco Fresh Organics Pty Ltd – trade and other receivable	700,000	-
---	---------	---

12 Events occurring after the reporting period

Other than as recorded in the Director's Report, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 December 2024 or on the results and cash flows of the Fund for the half-year ended on that date.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance for the financial period ended on that date; and
- (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.

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



Andrew Ashbolt
Director

Melbourne
20 February 2025

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Independent Auditor's Review Report

To the Unitholders of Arrow Primary Infrastructure Fund

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Arrow Primary Infrastructure Fund (the Fund) which comprises the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, including material accounting policy information, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Arrow Primary Infrastructure Fund does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Directors' responsibility for the half-year financial report

The Directors of Arrow Funds Management Limited (the Responsible Entity) are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance
Melbourne, 20 February 2025