

DomaCom Fund
ARSN 167 020 626

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

DomaCom Fund

ARSN 167 020 626

Annual financial report

For the year ended 30 June 2016

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The Responsible Entity of the Fund is Perpetual Trust Services Limited ("the Responsible Entity")(ABN 48 000 142 049)(AFSL No. 236648).

Directors' Report

The Directors of Perpetual Trust Services Limited (ABN 48 000 142 049, AFSL 236648), the Responsible Entity of DomaCom Fund, present their report together with the financial statements of The DomaCom Fund ('the Fund') for the year ended 30 June 2016.

1 Directors

The names of Directors of the Responsible Entity in office at any time during or since the end of the year are:

| | |
|-----------------------|--|
| Green, Christopher | Director Appointed 1 October 2008 |
| Larkins, Gillian | Director Appointed 07 January 2013 and resigned 27 July 2015 |
| Vainauskas, Michael | Director Appointed 02 March 2015 |
| Foster, Glenn Stephen | Director Appointed 27 July 2015 Alternate (for Gillian Larkins) Appointed 25 January 2013, ceased 27 July 2015 |
| Cannane, Andrew | Director Appointed 28 August 2015 |
| O'Sullivan, Anna | Alternate (for Christopher Green) Appointed 24 February 2014, resigned 07 December 2015) |
| Ellwood, Rodney Garth | Alternate (for Christopher Green and Andrew Cannane) Appointed 07 December 2015 |

2 Principal activities

The principal activity of the Fund is fractional investment in real estate (residential and commercial), for the purpose of earning revenue in the form of rent. The Fund seeks to offer a stable, tax effective income investment stream coupled with growth potential over the longer term for its investors.

3 Review and results of operations

There have been no significant changes to the operations of the Fund since the previous financial year. The Fund continued to invest funds in accordance with the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

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

| | Year ended 30 June 2016 \$ | Year ended 30 June 2015 \$ |
|---|-------------------------------------|-------------------------------------|
| Net operating profit before financing costs attributable to unitholders | 78,010 | 24,509 |
| Distribution paid and payable | 199,203 | 66,004 |

Directors' Report (continued)

4 Significant changes in state of affairs

The following properties were purchased by the Fund during the year:

| Property | Ownership | Date acquired | Acquisition cost \$ |
|--|-----------|-------------------|------------------------|
| 158/251-255A Clarence Street, Sydney NSW 2000 | 100% | 22 July 2015 | 75,000 |
| 222/251-255A Clarence Street, Sydney NSW 2000 | 100% | 17 September 2015 | 104,000 |
| 1/388-390 Burwood Highway, Burwood VIC 3125 | 100% | 18 August 2015 | 69,500 |
| 229/251-255A Clarence Street, Sydney NSW 2000 | 100% | 15 January 2016 | 75,000 |
| Lot 42 Parkfield Loop, Paralowie SA 5108 | 100% | 6 May 2016 | 157,500 |
| Lot 43 Parkfield Loop, Paralowie SA 5108 | 100% | 6 May 2016 | 157,500 |
| 604/127-133 Leicester Street, Carlton VIC 3053 | 100% | 13 May 2016 | 157,500 |

Construction of the house on the land at 14 Ceres Street, Wulkuraka, Queensland (acquired on 19 May 2015) has been completed and revalued at \$400,000.

There have been no other significant changes to the state of affairs of the Fund during the year.

5 After Balance Date Events

No matters or circumstances have arisen since the end of the year which 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, except for the

The following properties were contracted to be purchased by the Fund during the year, and were settled or pending settlement after the reporting date:

| Property | Ownership | Date settled | Contract price/ valuation |
|--|-----------|---|------------------------------|
| Lot 45 Parkfield Loop, Paralowie SA 5108 | 100% | 1 July 2016 | 157,500 |
| 5 Prospect Street, Silkstone QLD 4304 | 100% | 1 August 2016 Settlement pending on completion of | 339,000 |
| 6/18 Workshops Street, Brassall QLD 4305 | | property | 300,000 |

6 Environmental Issues

The Fund complied with all environmental regulations during the course of the year.

7 Indemnification and insurance of Officers and Auditors

During or since the end of the year, the Fund has not indemnified or agreed to indemnify, nor paid insurance premiums to insure any of the directors or officers of the Responsible Entity. The auditors of the Fund are not indemnified out of the assets of the Fund. Grant Thornton Audit Pty Ltd. continues to be the auditor in office.

8 Options

No options over issued units or interests in the Fund were granted during or since the end of the year and there were no options outstanding at the date of this report. The directors and executives of the Responsible Entity hold no options over interests in the Fund.

9 Proceedings on behalf of the Fund

No person has applied for leave of court to bring proceedings on behalf of the Fund, or intervene in any proceedings to which the Fund is a party, for the purpose of taking responsibility on behalf of the Fund for all or any part of their proceedings. The Fund was not a party to any such proceedings during the year.

Directors' Report (continued)

10 Fees, Commissions or other charges by the Responsible Entity or Related Parties of the Responsible Entity

All fees payable to the Responsible Entity or its related parties are detailed in Note 12 to the financial statements.

11 Buy Back Arrangements

As detailed in the Fund's Constitution the Responsible Entity is not under any obligation to buy back, purchase or redeem units from unitholders.

12 Value of Fund Assets

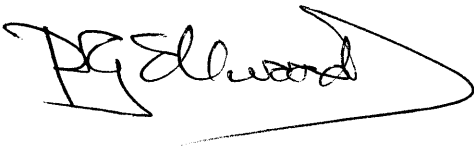
The total value of the Fund's assets at the end of the reporting period is \$13,754,918 (2015: \$3,347,442).

14 Number of Interests on Issue

At 30 June 2016 the number of units issued in the Fund was 13,784,593 (2015: 3,387,315). An additional 4,372,989 units have been issued subsequent to the reporting period. During the year 3,787,022 units were redeemed (2015: 2,752,588).

A copy of the auditors' independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors of Perpetual Trust Services Limited.



Director
Perpetual Trust Services Limited

Sydney
27 September 2016

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Auditor's Independence Declaration
To the Directors of DomaCom Fund

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of DomaCom Fund for the year ended 30 June 2016, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Brad Taylor
Partner - Audit & Assurance

Melbourne, 27 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Statement of Profit or Loss and Other Comprehensive Income

| | Note | Year ended 30 June 2016 \$ | Year ended 30 June 2015 \$ |
|---|-----------|-------------------------------------|-------------------------------------|
| Revenue and other income | | | |
| Rental and other property income | | 91,590 | 54,215 |
| Interest income | | 152,102 | 48,138 |
| Change in fair value of investment properties | 3 (a), 10 | (92,998) | (46,160) |
| Total revenue and other income | | 150,694 | 56,193 |
| Expenses | | | |
| Property outgoings | | 42,062 | 19,700 |
| Management fees | 12 | 30,622 | 9,734 |
| Legal and professional fees | | - | 2,250 |
| Total expenses | | 72,684 | 31,684 |
| Operating profit for the year | | 78,010 | 24,509 |
| Finance costs attributable to unit holders | | | |
| Distributions to unitholders | 11 | (199,203) | (66,004) |
| Decrease in net assets attributable to unit holders | 9 | 121,193 | 41,495 |
| Operating profit/(loss) for the year | | - | - |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the year attributable to unitholders | | - | - |

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

Statement of Financial Position

| | Note | As at 30 June 2016 \$ | As at 30 June 2015 \$ |
|--|------|--------------------------------|--------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 11,521,820 | 2,363,614 |
| Trade and other receivables | 5 | 2,798 | 4,583 |
| Other assets | 6 | 224,300 | - |
| Total current assets | | 11,748,918 | 2,368,197 |
| Non-current assets | | | |
| Investment properties | 7 | 2,006,000 | 979,245 |
| Total non-current assets | | 2,006,000 | 979,245 |
| Total assets | | 13,754,918 | 3,347,442 |
| Liabilities | | | |
| Current liabilities | | | |
| Distributions payable | 11 | 16,295 | 1,117 |
| Trade and other payables | 8 | 10,160 | 2,186 |
| Unallocated applications | | 150,010 | - |
| Total current liabilities | | 176,465 | 3,303 |
| Total liabilities | | 176,465 | 3,303 |
| Net assets attributable to unit holders - liability | 9 | 13,578,453 | 3,344,139 |
| Liabilities attributable to unit holders | | (13,578,453) | (3,344,139) |
| Net assets | | - | - |

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

Statement of Changes in Net Assets Attributable to Unitholders

| | Note | Year ended 30 June 2016 \$ | Year ended 30 June 2015 \$ |
|--|------|-------------------------------------|-------------------------------------|
| Beginning balance | | 3,344,139 | 638,219 |
| <i>Transactions with unitholders in their capacity as unitholders:</i> | | | |
| Applications | 9 | 14,142,529 | 5,500,003 |
| Redemptions | 9 | (3,787,022) | (2,752,588) |
| Decrease in net assets attributable to unitholders | 9 | (121,193) | (41,495) |
| Total net assets attributable to unitholders at the end of the year | 9 | 13,578,453 | 3,344,139 |

The above Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes.

Statement of Cash Flows

| | Note | Year ended 30 June 2016 \$ | Year ended 30 June 2015 \$ |
|---|------|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | | |
| Rental and other property income received | | 94,960 | 54,216 |
| Interest received | | 152,102 | 48,138 |
| GST paid | | (258) | - |
| Property outgoings paid | | (42,062) | (19,700) |
| Management fees paid | 12 | (30,622) | (9,734) |
| Legal and professional fees paid | | - | (2,250) |
| Other expenses received/ (paid) | | 6,647 | (2,476) |
| Net cash provided by operating activities | 10 | 180,767 | 68,194 |
| Cash flows from investing activities | | | |
| Payments for purchase of investment properties | | (1,344,053) | (1,025,405) |
| Net cash used in investing activities | | (1,344,053) | (1,025,405) |
| Cash flows from financing activities | | | |
| Proceeds from applications by unitholders | | 14,292,539 | 5,419,003 |
| Payments for redemptions by unitholders | | (3,787,022) | (2,752,588) |
| Distributions to unitholders | | (184,025) | (65,797) |
| Net cash provided by financing activities | | 10,321,492 | 2,600,618 |
| Net increase in cash and cash equivalents | | 9,158,206 | 1,643,407 |
| Cash and cash equivalents at the beginning of the year | | 2,363,614 | 720,207 |
| Cash and cash equivalents at the end of the year | 4 | 11,521,820 | 2,363,614 |

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

1 Significant accounting policies

Reporting Entity

The financial statements are for the entity The DomaCom Fund ('the Fund') as an individual entity. The Fund is an unlisted registered scheme established and domiciled in Australia and operates as a for profit entity. The Responsible Entity ('RE') of the Fund is Perpetual Trust Services Limited. The Fund was registered on 13 December 2013.

The Fund has a limited life under its constitution, such that it must terminate no later than 2094.

Basis of preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis and on the historical cost basis except for investment property, non-current assets classified as held for sale, financial assets at fair value through profit or loss. Cost is based on the fair values of the consideration given in exchange for assets.

The Scheme is a for-profit entity for the purpose of preparing financial statements.

The functional and presentation currency of the Fund is Australian dollars.

Compliance with IFRSs

The financial statements and notes of the Fund also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 to all years presented, unless otherwise stated in the following text.

(a) Investment properties

Investment property is property which is held to earn rental income and capital appreciation.

Investment properties are carried at fair value determined either by the directors or independent valuers. Changes to fair value are recorded in profit or loss.

The fair value of investment properties excludes any accrued operating lease income or lease incentives recognised as a receivable in accordance with AASB 117 Leases.

Property purchases are recognised when the Fund has entered into an unconditional purchase contract, and the majority of the significant risks and rewards of ownership have been transferred to the Fund. Property disposals are recorded when the Fund has entered into an unconditional sales contract, and the majority of the significant risks and rewards of ownership have been transferred to the buyer. Transfers of risks and rewards vary depending on the individual terms of the contracts.

1 Significant accounting policies (continued)

(b) Revenue

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. The difference between the lease income recognised and actual lease payments received is included in receivables.

Lease incentives provided by the Fund to lessees are excluded from the measurement of fair value of investment property and are included in receivables. The amounts are recognised over the lease periods as rental income.

Contingent rents based on the future amount of a factor that changes other than with the passage of time, including CPI linked rental increases and turnover rents, and are only recognised when contractually due.

Interest income is recognised in profit or loss on a time basis using the effective interest rate method.

Distribution income is recognised when the right to receive a distribution has been established.

Other income is recognised when the right to receive the revenue has been established.

All income is stated net of the amount of goods and services tax (GST).

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(d) Receivables and payables

Rental debtors are recognised at original invoice amount less a provision for any uncollected debts. Collectability of rental debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for doubtful debts is made when there is objective evidence that the Fund will not be able to collect the debts. Examples of this evidence include, but are not limited to: rent being more than 30 days overdue, significant financial difficulties of the debtor, and the probability that the debtor will be placed under administration or bankruptcy. In this latter case tenants will be subjected to close monitoring and alternative arrangements.

The debtor's circumstances relating to the default in payment are considered, and in some cases alternative payment arrangements may apply. If the debtor defaults on the terms of these arrangements, the debt will be recognised as doubtful.

The amount of the doubtful debt is recognised in the statement of profit or loss and other comprehensive income within bad and doubtful debts expense. When a rental debtor that had been recognised as a doubtful debt becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against bad and doubtful debts in the statement of profit or loss and other comprehensive income.

Payables represent liabilities for goods and services provided to the Fund prior to the end of the financial year which are unpaid.

Normal commercial terms and conditions are applied to receivables and payables.

(e) Income tax

Under current legislation the Fund is not liable for income tax provided its taxable income is fully distributed to unitholders.

During the year, the Fund elected to enter the Attribution Managed Investment Trust (AMIT) Regime under Division 276 of the Income Tax Assessment Act 1997, effective 1 July 2015. The purpose of this election was to ensure that the tax treatment of the distributions paid to each unitholder accurately reflects the nature of the profits generated by the portion of that Fund's assets in which the unitholder has an economic interest.

1 Significant accounting policies (continued)

(f) Distributions

In accordance with the Fund's Constitution, the Fund distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of profit or loss and other comprehensive income as finance costs attributable to unitholders.

(g) Increase/(decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in profit or loss as finance costs.

(h) Functional currency

The Fund has a functional currency of Australian dollars.

(i) Critical judgements and significant accounting estimates

The preparation of financial statements requires the directors of the Responsible Entity to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Fair value estimation

Investments in securities that are unlisted, and investment properties, are carried at values that are based on assumptions and estimates. If any of these assumptions or estimates were not correct this could have a material impact on the carrying amounts in the statement of financial position.

(ii) Recognition of unconditional property purchases and disposals

Property purchases, including associated acquisition costs (stamp duty and RE acquisition fees), are recognised when the Fund has entered into an unconditional purchase contract, and the majority of the significant risks and rewards of ownership have been transferred to the Fund.

Property disposals, including associated disposal costs (legal and RE disposal fees), are recorded when the Fund has entered into an unconditional sales contract, and the majority of the significant risks and rewards of ownership have been transferred to the buyer.

Transfers of risks and rewards vary depending on the individual terms of the contracts.

(j) New and amended standards adopted by the Fund

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Fund.

1 Significant accounting policies (continued)

(k) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund. The Fund has not yet decided when to adopt AASB 9.

- AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and distributions, and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of AASB 15 to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements. The Fund has not yet decided when to adopt AASB 15.

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.

2 Financial risk management

(a) Objectives, strategies, policies and processes

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The management of these risks is conducted by the Fund's Manager who manages the Fund's assets in accordance with its investment objectives.

A financial risk management framework has been established by the Fund's Investment Manager who conducts regular assessment processes in order to ensure that procedures and controls are adequately managing the risks arising from the Fund's investment activities.

This framework includes:

- Integrated computer systems and processes with checks and balances;
- Policies and procedures covering operations;
- Post-trade investment compliance monitoring;
- Segregation of the dealing and investment management function from the administration and settlement function; and
- An independent service provider for the valuation of securities.

The Responsible Entity also has in place a framework to identify, control, report and manage compliance and business obligations, and to ensure that the interests of unitholders in the Fund are protected.

Compliance is integrated into the day to day operations of the Responsible Entity Services team ("RES"), a Perpetual Corporate Trust ("CT") business unit within the Responsible Entity.

2 Financial risk management (continued)

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

This framework includes:

- Policies and procedures,
- Committee and board reporting,
- Staff training,
- Formal service provider agreements,
- Compliance reporting by the Investment Manager, Investment Administrator and Custodian (the "Service Providers"),
- Regular monitoring visits of Service Providers, and
- Monitoring of RES compliance in accordance with Control Self Assessment methodology.

RES is ultimately responsible for compliance monitoring. The RES business unit includes the roles of General Manager, Managed Fund Services, Head of Responsible Entity, Risk Manager, Senior Manager - Corporate Clients and Manager - Corporate Clients.

The Responsible Entity has established a Compliance Committee which is responsible for developing and monitoring the Fund's compliance monitoring policies, including those related to its activities. Compliance monitoring policies and systems are reviewed periodically to reflect changes in market conditions and the Fund's activities.

RES undertakes periodic on-site monitoring reviews of the Fund's service providers, focusing on the general control environment and investment management, administration and custodial functions as provided to the Responsible Entity of the Fund. This is conducted to ensure that the service providers continue to satisfy their obligations as detailed within the relevant service agreement entered into with the Responsible Entity.

(b) Market risk

Market risk embodies the potential for both loss and gains and includes interest rate risk and other price risk. The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The Fund's market risk is managed on a daily basis by the Investment Manager in accordance with the investment guidelines as outlined in the Fund's Constitution.

(c) Credit risk

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

Tenants for each of the properties held by the Fund are assessed for creditworthiness before commencing a lease, and if necessary rental guarantees are sought before tenancy is approved. The Investment Manager also performs a detailed review of both related and other parties before approving investments / advancement of funds. This is performed to ensure that they will be able to meet quoted distributions, as well as interest and principal repayments.

All receivables are monitored by the Fund Manager on a monthly basis. If any amounts owing are overdue these are followed up and if necessary, allowances are made for debts that are doubtful.

At reporting date, there are no issues with the credit quality of financial assets that are neither past due or impaired, and all amounts are expected to be received in full.

(d) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial liabilities as they fall due.

The Fund manages liquidity risk by managing its holding cash in its operating account to meet creditors' claims as they fall due.

2 Financial risk management (continued)

(d) Liquidity risk (continued)

The following table sets out the maturity analysis that shows the remaining contractual maturities.

As at 30 June 2016

| | Note | Less than 6 months \$ | 6 months to a year \$ | 1-5 years \$ | 5+ years \$ |
|--------------------------|------|--------------------------|--------------------------|-----------------|----------------|
| Distributions payable | 11 | 16,295 | - | - | - |
| Management fees payable | 8 | 6,737 | - | - | - |
| Unallocated applications | | 150,010 | - | - | - |
| Other payable | 8 | 3,423 | - | - | - |
| Total | | 176,465 | - | - | - |

As at 30 June 2015

| | Note | Less than 6 months \$ | 6 months to a year \$ | 1-5 years \$ | 5+ years \$ |
|-------------------------|------|--------------------------|--------------------------|-----------------|----------------|
| Distributions payable | 11 | 1,117 | - | - | - |
| Management fees payable | 8 | 2,186 | - | - | - |
| Total | | 3,303 | - | - | - |

3 Fair value measurement

(a) Recognised fair value measurements

The Fund measures and recognises assets and liabilities at fair value on a recurring basis.

To provide an indication about the reliability of inputs used in determining fair value, the Fund classifies its assets and liabilities at fair value into three levels prescribed under the accounting standards. An explanation of each level is set out below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities not carried at fair value have carrying values that reasonably approximate their fair values and are categorised within the fair value hierarchy as follows:

- Cash and cash equivalents - Level 1; and
- All other financial assets and liabilities - Level 2

The following table presents the Fund's non-financial assets measured and recognised at fair value:

| At 30 June 2016 | Note | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|-----------------------------|------|-----------------------|-----------------------|-----------------------|---------------------|
| Non-financial assets | | | | | |
| Investment properties | 7 | - | - | 2,006,000 | 2,006,000 |
| Total assets | | - | - | 2,006,000 | 2,006,000 |
| At 30 June 2015 | | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| Non-financial assets | | | | | |
| Investment properties | 7 | - | - | 979,245 | 979,245 |
| Total assets | | - | - | 979,245 | 979,245 |

There were no transfers between levels of fair value measurement during the year and there were no other financial assets or liabilities that were measured and recognised at fair value and classified as Level 1 or Level 2.

3 Fair value measurement (continued)

(a) Recognised fair value measurements (continued)

The policy of the Fund is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period.

The Fund did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2016.

The following table presents the movement in level 3 assets for the year ended 30 June 2016 by class of financial asset.

| | Year ended 30 June 2016 \$ | Year ended 30 June 2015 \$ |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Opening balance | 979,245 | - |
| Purchases | 858,598 | 1,011,660 |
| Additions | 261,155 | 13,745 |
| Losses recognised in profit or loss | (92,998) | (46,160) |
| Closing balance | 2,006,000 | 979,245 |

(b) Valuation process

The Responsible Entity through the Fund's Manager conducts an investment property valuation process on a rolling 12 month basis. All independent valuations are performed by independent professionally qualified external valuers.

Existing properties

On an ongoing basis, the Responsible Entity through the Fund's Manager, assesses whether there has been a material change in the value of a property. External valuations are obtained within 2 months after the management form a view that there is a likelihood that there has been a material change in the valuation of the property.

To make this assessment, the following steps are performed by the Fund's Manager:

- 1 perform desktop assessments of current values through discussions with external valuers and by using external market data feeds to gauge the current market situation;
- 2 compare the initial assessment of current value to the most recent book value and determine the percentage movement; and
- 3 if the property has been acquired in the last 12 months, the valuation on acquisition may still be valid but is reviewed against comparable sales/market data.

Development properties

The total cost of a development property is generally capitalised to its carrying value until development is complete. At the commencement of a development project, an estimated valuation on completion is obtained and the capitalised costs during the project are monitored against this initial valuation.

At each reporting date, the carrying values of development properties are reviewed to determine whether they are in excess of their fair value. Where appropriate, a write-down is made to reflect fair value.

(c) Sensitivity analysis

| Significant input | Fair value measurement sensitivity to significant increase in input | Fair value measurement sensitivity to significant decrease in input |
|--------------------------------|---|---|
| Gross market rent (\$ pa/sqm) | Increase | Decrease |
| Adopted discount rate (% p.a.) | Decrease | Increase |

4 Cash and cash equivalents

| | As at 30 June 2016 \$ | As at 30 June 2015 \$ |
|--------------|--------------------------------|--------------------------------|
| Cash at bank | 11,521,820 | 2,363,614 |
| | 11,521,820 | 2,363,614 |

5 Current assets - trade and other receivables

| | As at 30 June 2016 \$ | As at 30 June 2015 \$ |
|----------------|--------------------------------|--------------------------------|
| Prepayments | 2,535 | 4,583 |
| GST receivable | 263 | - |
| | 2,798 | 4,583 |

6 Other assets

| | As at 30 June 2016 \$ | As at 30 June 2015 \$ |
|---|--------------------------------|--------------------------------|
| Purchase deposit on investment property | 224,300 | - |
| | 224,300 | - |

7 Non-current assets - investment properties

Reconciliation

Reconciliation of the carrying amounts of the investment properties at the beginning and end of the current financial year are set out below:

| | | PROPERTY | | | | | | | |
|---------------------|---|--|--|--|--|--|--|---|---|
| Date acquired | | 811/127-133 Leicester Street, Carlton VIC 3053 | 806/127-133 Leicester Street, Carlton VIC 3053 | 803/127-133 Leicester Street, Carlton VIC 3053 | 808/127-133 Leicester Street, Carlton VIC 3053 | 606/127-133 Leicester Street, Carlton VIC 3053 | 14 Ceres Street, Wuikuraka QLD 4305 | 158/251-255A Clarence Street, Sydney NSW 2000 | 222/251-255A Clarence Street, Sydney NSW 2000 |
| | | 15 August 2014 | 15 August 2014 | 5 September 2014 | 16 September 2014 | 31 January 2015 | 19 May 2015 | 22 July 2015 | 17 September 2015 |
| 30 June 2016 | | | | | | | | | |
| | Beginning balance 1 July 2015 | 157,000 | 157,000 | 157,000 | 157,000 | 157,500 | 193,745 | - | - |
| | Acquisition | - | - | - | - | - | - | 75,000 | 69,500 |
| | Acquisition costs | - | - | - | - | - | 3,986 | 5,095 | 5,120 |
| | Revaluation | (2,000) | 8,000 | 8,000 | 8,000 | 2,500 | (58,886) | (5,095) | (5,120) |
| | Carrying amount | 155,000 | 165,000 | 165,000 | 165,000 | 160,000 | 138,845 | 75,000 | 69,500 |
| | Property development cost | - | - | - | - | - | 261,155 | - | - |
| | Adjusted carrying amount at year end | 155,000 | 165,000 | 165,000 | 165,000 | 160,000 | 400,000 | 75,000 | 69,500 |
| 30 June 2015 | | | | | | | | | |
| | Beginning balance 1 July 2014 | - | - | - | - | - | - | - | - |
| | Acquisition | 157,000 | 157,000 | 157,000 | 157,000 | 157,500 | 180,000 | - | - |
| | Acquisition costs | 7,771 | 7,738 | 7,669 | 7,669 | 7,777 | 7,538 | - | - |
| | Revaluation | (7,771) | (7,738) | (7,669) | (7,669) | (7,777) | (7,538) | - | - |
| | Carrying amount | 157,000 | 157,000 | 157,000 | 157,000 | 157,500 | 180,000 | - | - |
| | Property development cost | - | - | - | - | - | 13,745 | - | - |
| | Adjusted carrying amount at 30 June 2015 | 157,000 | 157,000 | 157,000 | 157,000 | 157,500 | 193,745 | - | - |

All the above investment properties are fully owned by the Fund.

7 Non-current assets - investment properties (Continued)

Reconciliation (continued)

| | | PROPERTY | | | | | | | | | |
|---------------|---|---|-----------------|----------------|----------------|----------------|-------------|--|--------------------------------|---|------------------|
| Date acquired | | 8/10 Goddard Street, Rockingha m WA 6168 | 15 January 2016 | 6 May 2016 | 6 May 2016 | 6 May 2016 | 13 May 2016 | 6/18 Workshops Street, Brassall Street, Silkstone QLD 4305 | 5 Prospect Street, QLD 4304 | Lot 45 Parkfield Loop, Paralowie SA 5108 | Total |
| | 1/388-390 Burwood Highway, Burwood VIC 3125 | | | | | | | | | | |
| | 18 August 2015 | | | | | | | | | | |
| | | - | - | - | - | - | - | - | - | - | - |
| | Acquisition | 104,000 | 75,000 | 157,500 | 157,500 | 157,500 | - | - | - | - | 979,245 |
| | Acquisition costs | 6,591 | 3,305 | 8,880 | 8,435 | 6,924 | 1,325 | 1,325 | - | 7,980 | 796,000 |
| | Revaluation | (6,591) | (3,305) | (8,880) | (8,435) | (6,924) | (1,325) | (1,325) | - | (7,980) | 62,598 |
| | Carrying amount | 104,000 | 75,000 | 157,500 | 157,500 | 157,500 | - | - | - | - | 1,744,845 |
| | Property development cost | - | - | - | - | - | - | - | - | - | 261,155 |
| | Adjusted carrying amount at year end | 104,000 | 75,000 | 157,500 | 157,500 | 157,500 | - | - | - | - | 2,006,000 |
| | | | | | | | | | | | |
| | 30 June 2015 | | | | | | | | | | |
| | | - | - | - | - | - | - | - | - | - | - |
| | Beginning balance 1 July 2014 | - | - | - | - | - | - | - | - | - | - |
| | Acquisition | - | - | - | - | - | - | - | - | - | 965,500 |
| | Acquisition costs | - | - | - | - | - | - | - | - | - | 46,160 |
| | Revaluation | - | - | - | - | - | - | - | - | - | (46,160) |
| | Carrying amount | - | - | - | - | - | - | - | - | - | 965,500 |
| | Property development cost | - | - | - | - | - | - | - | - | - | 13,745 |
| | Adjusted carrying amount at 30 June 2015 | - | - | - | - | - | - | - | - | - | 979,245 |

All the above investment properties are fully owned by the Fund.

* Deposit for the properties were paid during the year but not yet settled

8 Trade and other payables

| | As at 30 June 2016 \$ | As at 30 June 2015 \$ |
|-------------------------|--------------------------------|--------------------------------|
| Management fees payable | 6,737 | 2,186 |
| Other payable | 3,423 | - |
| | 10,160 | 2,186 |

9 Net assets attributable to unitholders

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

| | Year ended 30 June 2016 | | Year ended 30 June 2015 | |
|---|----------------------------|-------------------|----------------------------|------------------|
| | Units | \$ | Units | \$ |
| Opening balance | 3,387,315 | 3,344,139 | 638,220 | 638,219 |
| Applications | 14,064,699 | 14,061,692 | 5,477,328 | 5,477,328 |
| Redemptions | (3,787,022) | (3,787,022) | (2,752,588) | (2,752,588) |
| Unit class conversion | 38,764 | - | 1,680 | - |
| Units issued upon reinvestment of distributions | 80,837 | 80,837 | 22,675 | 22,675 |
| Increase/(decrease) in net assets attributable to unit holders | - | (121,193) | - | (41,495) |
| Closing balance | 13,784,593 | 13,578,453 | 3,387,315 | 3,344,139 |

10 Reconciliation of net profit to net cash provided by operating activities

| | Year ended 30 June 2016 \$ | Year ended 30 June 2015 \$ |
|--|-------------------------------------|-------------------------------------|
| Profit/(loss) for the year | - | - |
| Decrease in net assets attributable to unit holders | (121,193) | (41,495) |
| Distributions to unitholder | 199,203 | 66,004 |
| Change in fair value of investment properties | 92,998 | 46,160 |
| Net change in receivables and accrued income | 1,785 | (4,583) |
| Net change in accounts payable and accrued liabilities | 7,974 | 2,108 |
| Net cash provided by operating activities | 180,767 | 68,194 |

11 Distributions

Distributions paid/payable to unitholders

The distributions for the year were:

| | Year ended 30 June 2016 \$ | Year ended 30 June 2015 \$ |
|-----------------------|----------------------------------|----------------------------------|
| Distributions paid | 182,908 | 64,887 |
| Distributions payable | 16,295 | 1,117 |
| | 199,203 | 66,004 |

12 Related party transactions

Responsible Entity

The Responsible Entity of The DomaCom Fund is Perpetual Trust Services Limited, a wholly owned subsidiary of Perpetual Limited.

Investment Manager DomaCom Australia Limited (formerly DomaCom Limited) has been appointed to promote, administer, invest and manage the assets of the DomaCom Fund and to perform various services pursuant to the Investment Management Agreement.

Responsible Entity's fees and other transactions

Under the terms of the Constitution, the Responsible Entity is entitled to receive fees in accordance with the Fund's Constitution.

| | Year ended 30 June 2016 \$ | Year ended 30 June 2015 \$ |
|--|-------------------------------------|-------------------------------------|
| Management fees paid/payable during the year | 30,622 | 9,734 |
| Management fees payable as at year end | 6,737 | 2,186 |

The Responsible Entity fees are paid by the Investment Manager.

Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, Perpetual Trust Services Limited, to manage the activities of the Fund. The directors of the Responsible Entity are key management personnel of that entity and their names are:

| | |
|-----------------------|--|
| Green, Christopher | Director Appointed 1 October 2008 |
| Larkins, Gillian | Director Appointed 07 January 2013 and resigned 27 July 2015 |
| Vainauskas, Michael | Director Appointed 02 March 2015 |
| Foster, Glenn Stephen | Director Appointed 27 July 2015 Alternate (for Gillian Larkins) Appointed 25 January 2013, ceased 27 July 2015 |
| Cannane, Andrew | Director Appointed 28 August 2015 |
| O'Sullivan, Anna | Alternate (for Christopher Green) Appointed 24 February 2014, resigned 07 December 2015) |
| Ellwood, Rodney Garth | Alternate (for Christopher Green and Andrew Cannane) Appointed 07 December 2015 |

12 Related party transactions (continued)

Unit holdings

No units in the Fund were held during the year by directors and other key management personnel of the Responsible Entity, including their personally related parties. There were no units granted during the reporting period as compensation.

13 Remuneration of auditors

The remuneration of auditors for the year ended 30 June 2016 has been incurred by the DomaCom Fund and paid for by DomaCom Australia Ltd for the amount of \$17,000 (2015: \$13,500).

14 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2016 and 30 June 2015.

15 Events subsequent to reporting date

No matters or circumstances have arisen since the end of the year which 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, except for the

The following properties were contracted to be purchased by the Fund during the year, and were settled or pending settlement after the reporting date:

| Property | Ownership | Date settled | Contract price/ valuation |
|--|-----------|---|------------------------------|
| Lot 45 Parkfield Loop, Paralowie SA 5108 | 100% | 1 July 2016 | 157,500 |
| 5 Prospect Street, Silkstone QLD 4304 | 100% | 1 August 2016 Settlement pending on completion of | 339,000 |
| 6/18 Workshops Street, Brassall QLD 4305 | | property | 300,000 |

16 Responsible Entity details

The registered office and the principal place of business of the Responsible Entity is Level 18, 123 Pitt Street, Sydney NSW 2000.

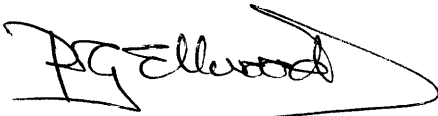
Directors' declaration

In the opinion of the Directors of Perpetual Trust Services Limited, the Responsible Entity of DomaCom Fund ("the Fund"):

- a. the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, 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 30 June 2016 and of its performance as represented by the results of its operations and its cash flows, for the year 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.

Note 1 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 of the Responsible Entity, made pursuant to s 303(5) of the Corporations Act 2001.



Director
Perpetual Trust Services Limited

Sydney
27 September 2016

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOMACOM FUND

We have audited the accompanying financial report of DomaCom Fund (the Scheme), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company .

Directors of the Responsible Entity' Responsibility for the Financial Report
The Directors of the Responsible Entity of the Scheme 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*. The Directors of the Responsible Entity' responsibility also includes 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. The Directors of the Responsible Entity also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Scheme's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- a the financial report of DomaCom Fund is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Scheme's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Brad Taylor
Partner - Audit & Assurance

Melbourne, 27 September 2016