

DomaCom Fund
ARSN 167 020 626

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

DomaCom Fund

ARSN 167 020 626

Annual Financial Report

For the year ended 30 June 2023

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The Responsible Entity of the Fund is Melbourne Securities Corporation Limited ("the Responsible Entity") (ABN 57 160 326 545) (AFSL No. 428289).

Directors' Report

The Directors of Melbourne Securities Corporation Limited (ABN 57 160 326 545, AFSL 428289), the Responsible Entity of DomaCom Fund, present their report together with the financial statements of the Fund for the year ended 30 June 2023 and the auditor's report thereon.

1 Directors

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

Michael Peter Fleming (Chairman)

Matthew James Fletcher

Shelley Gaye Brown

Steven O'Connell (appointed 12 August 2022)

Ruth McClelland (appointed 12 August 2022)

2 Principal activities

The principal activity of the Fund is fractional investment in real estate (NDIS, residential and commercial), for the purpose of earning revenue in the form of rent and participating in capital growth. The Fund also provides the opportunity to invest in underlying mortgage funds which invest in a unit trust with underlying exposure to registered mortgages. The Fund also has the ability to hold investments in special opportunity projects that can involve NDIS, technology, agricultural and renewable energy sectors. 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 period. 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 2023 \$	Year ended 30 June 2022 \$
Net operating profit/(loss) before financing costs attributable to unitholders	(826,532)	9,825,493
Distribution paid and payable	4,374,259	2,547,540

The Fund has recorded a year on year increase of 61% in growth of Funds Under Management (FUM) during the year ended 30 June 2023 (2022: 61% increase in FUM) .

Directors' Report (continued)

4 Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

5 After Balance Date Events

There have been no matters or circumstances that have arisen since the end of the reporting period 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.

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.

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 16 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 \$216,357,679 (2022: \$133,361,364).

Directors' Report (continued)

13 Number of Interests on Issue

At 30 June 2023 the number of units issued in the Fund was 212,424,215 (2022: 143,749,697). During the year 19,995,287 units were redeemed (2022: 15,335,671).

A copy of the auditor's 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 Melbourne Securities Corporation Limited, pursuant to s303(5) of the Corporations Act 2001.



Director SHELLEY BROWN
Melbourne Securities Corporation Limited

Melbourne

20 September 2023

Grant Thornton Audit Pty Ltd

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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 2023, 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



D G Ng
Partner – Audit & Assurance

Melbourne, 20 September 2023

www.grantthornton.com.au

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Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Revenue and other income			
Rental and other property income		1,763,480	1,352,486
Interest income		3,774,642	2,566,099
Sale of Development Properties	3	255,050	10,186,653
Change in fair value of Other Investments at fair value through profit and loss	4 (a), 11	(1,533,339)	-
Change in fair value of Investment Properties	4 (a), 8	825,069	7,808,398
Total revenue and other income		5,084,902	21,913,636
Expenses			
Property outgoings		1,507,707	1,798,361
Cost of Sales of Development Properties	3	136,231	8,702,119
Management fees	16	2,903,740	1,190,115
Legal and professional fees		657,268	98,531
Finance Costs		694,044	286,573
Depreciation Expense		12,444	12,444
Total expenses		5,911,434	12,088,143
Operating profit/(loss) for the year		(826,532)	9,825,493
Finance costs attributable to unit holders			
Distributions to unitholders	15	(4,374,259)	(2,547,540)
Decrease/(increase) in net assets attributable to unitholders	13	5,200,791	(7,277,953)
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 2023 \$	As at 30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	28,180,430	36,748,065
Trade and other receivables	6	835,419	600,550
Loan Receivable	7	948,000	948,000
Inventory of development assets		-	113,552
Mortgage Securities	10	23,420,378	20,500,122
Other assets		277,055	1,054,872
Total current assets		53,661,282	59,965,161
Non-current assets			
Loan Receivable	7	1,768,887	1,768,887
Investment properties	8	84,393,160	58,913,391
Property, plant and equipment	9	211,545	223,989
Mortgage Securities	10	5,044,468	8,387,001
Other investments at fair value through profit and loss	11	71,278,337	4,102,935.00
Total non-current assets		162,696,397	73,396,203
Total assets		216,357,679	133,361,364
Liabilities			
Current liabilities			
Distributions payable	15	66,400	20,143
Trade and other payables	12	203,097	63,989
Loan payable	7	3,221,400	958,657
Total current liabilities		3,490,897	1,042,789
Non-current liabilities			
Loan payable	7	16,337,848	4,085,424
Total non-current liabilities		16,337,848	4,085,424
Total liabilities		19,828,745	5,128,213
Net assets attributable to unit holders - liability	13	196,528,934	128,233,151
Liabilities attributable to unit holders		(196,528,934)	(128,233,151)
Net assets		-	-

The above condensed interim 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 2023 \$	Year ended 30 June 2022 \$
Beginning balance		128,233,151	77,112,330
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Applications / Reinvestments	13	93,491,861	59,178,539
Redemptions	13	(19,995,287)	(15,335,671)
Increase in net assets attributable to unitholders	13	(5,200,791)	7,277,953
Total net assets attributable to unitholders at the end of the period	13	196,528,934	128,233,151

The above condensed interim statement of changes in net assets attributable to unitholders should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Cash flows from operating activities		
Rental and other property income received	1,745,536	1,401,289
Interest received	3,520,636	2,298,015
Property outgoings paid	(611,349)	(529,586)
Interest Paid	(694,044)	(286,573)
Payments to suppliers	(4,289,728)	(2,568,565)
Net cash provided by operating activities	(328,949)	314,580
	14	
Cash flows from investing activities		
Payments for purchase of investment properties	(29,570,141)	(19,021,848)
Payments for purchase of development properties	-	(3,060,670)
Payments for purchase of mortgage securities	(19,080,000)	(20,082,470)
Payments for purchase of other investments at fair value through profit and loss	(68,708,718)	(4,184,469)
Receipts from disposal of investment properties	5,701,810	3,482,282
Receipts from disposal development properties	232,370	10,186,653
Receipts from disposal of mortgage securities	19,502,255	14,381,494
Net cash used in investing activities	(91,922,424)	(18,299,028)
Cash flows from financing activities		
Proceeds from applications by unitholders	93,491,860	59,178,539
Proceeds / (repayments) of borrowings	14,515,167	(1,036,434)
Payments for redemptions by unitholders	(19,995,287)	(15,335,671)
Distributions to unitholders	(4,328,002)	(2,536,588)
Net cash provided by financing activities	83,683,738	40,269,846
Net increase in cash and cash equivalents	(8,567,635)	22,285,398
Cash and cash equivalents at the beginning of the year	36,748,065	14,462,667
Cash and cash equivalents at the end of the year	28,180,430	36,748,065
	5	

The above condensed interim 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 Melbourne Securities Corporation 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 the basis of historical cost, except for the revaluation of investments and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

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 by 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 16 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.

(b) Inventories

Property development

Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of sales in the ordinary course of business. Expenses of marketing, selling and distribution to customers are estimated and deducted to establish net realisable value. Where the net realisable value of inventory is less than cost, an impairment expense is recognised in the consolidated statement of profit or loss and other comprehensive income. Reversals of previously recognised impairment charges are recognised in the statement of profit or loss and other comprehensive income such that the inventory is always carried at the lower of cost and net realisable value. Cost includes the purchase consideration, development costs and holding costs such as borrowing costs, rates and taxes.

The proceeds from property development asset sales during the period are recognised as Sales of Development Properties. The inventory values of the property development assets sold are recognised as Cost of Sales of Development Properties.

1 Significant accounting policies (continued)

(c) Mortgage Securities

(a) Classification

The Fund's investments in Mortgage Securities are classified as at fair value through profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such as basis.

(b) Recognition and derecognition

The Fund recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date. Financial assets are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership.

(c) Measurement

Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss and other comprehensive income. Fair value of Mortgage Funds is based on the net asset value determined and advised by the relevant external manager.

(d) Other investments at fair value through profit and loss

(a) Classification

The Fund's investments in Other investments at fair value through profit and loss are classified as at fair value through profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such as basis.

(b) Recognition and derecognition

The Fund recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date. Financial assets are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership.

(c) Measurement

Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss and other comprehensive income. Fair value of Other investments at fair value through profit and loss is based on the net asset value determined and advised by the relevant external manager.

(e) Property, plant and equipment

Plant and equipment is initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended.

Plant and equipment is subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of plant and equipment. The following useful lives are applied:

1 Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

Moveable Property: 20 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(f) 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 including the sale of property are 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).

(g) Loan Payable and Receivable

All loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with borrowings.

(h) 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.

(i) Receivables and payables

Receivables are recorded at fair value and subsequently at amortised cost. Receivables may include amounts for rent and interest.

Financial assets, other than those at fair value through profit or loss, shall recognise a loss allowance by applying the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all receivables.

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.

(j) Income tax

The DomaCom 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. The DomaCom Fund is represented by the DomaCom Wholesale and Retail Cash Pools. Under current legislation the DomaCom Fund is not liable for income tax provided its taxable income is fully distributed to unitholders.

1 Significant accounting policies (continued)

(j) Income tax (continued)

In addition the DomaCom Fund consists of separate sub-funds that do not meet the eligibility requirements of a Managed Investment Trust. Under current legislation the sub-funds are not liable for income tax provided all taxable income is fully distributed to unitholders.

(k) 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.

(l) 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.

(l) Functional currency

The Fund has a functional currency of Australian dollars.

(m) 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.

(i) Fair value estimation

Investments including mortgage backed securities, unlisted investments, investment properties and other investments 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, 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, 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.

(n) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

(o) New accounting standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for the 30 June 2023 reporting period and have not yet been applied in the financial statements. None of these are expected to have a material effect on the financial statements of the fund.

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.

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 compliance in accordance with program.

The Responsible Entity is ultimately responsible for compliance monitoring.

The board of the Melbourne Securities Corporation Limited 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.

The Responsible Entity 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 expected credit loss.

The loan receivables are monitored by the Fund manager and the loans are secured. The assets securities are internally managed by the Fund manager.

2 Financial risk management (continued)

(c) Credit risk (continued)

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.

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

As at 30 June 2023	Less than 6 months \$	6 months to a year \$	1-5 years \$	5+ years \$
Distributions payable	66,400	-	-	-
Management fees payable	19,423	-	-	-
Other payable	183,674	-	-	-
Loan Payable	-	3,221,400	16,337,848	-
Total	269,497	3,221,400	16,337,848	-

As at 30 June 2022	Less than 6 months \$	6 months to a year \$	1-5 years \$	5+ years \$
Distributions payable	20,143	-	-	-
Management fees payable	21,415	-	-	-
Other payable	42,574	-	-	-
Loan Payable	-	10,657	5,033,424	-
Total	84,132	10,657	5,033,424	-

3 Sale of development properties

	As at 30 June 2023 \$	As at 30 June 2022 \$
Sale of Development Properties	255,050	10,186,653
Cost of Sales of Development Properties	(136,231)	(8,702,119)
	<u>118,819</u>	<u>1,484,534</u>

DomaCom Sub-Fund DMC0135AU acquired land for the purpose of sub-division. The last lot of the 3 stages of development was sold and settled in July 2022.

4 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

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

4 Fair value measurement (continued)

(a) Recognised fair value measurements (continued)

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

As at 30 June 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Mortgage Securities	-	-	28,464,846	28,464,846
Other investments at fair value through profit and loss			71,278,337	71,278,337
Total assets	-	-	99,743,183	99,743,183
<hr/>				
As at 30 June 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Mortgage Securities	-	-	28,887,123	28,887,123
Other investments at fair value through profit and loss			4,102,935	4,102,935
Total assets	-	-	32,990,058	32,990,058

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

As at 30 June 2023	Level 1	Level 2	Level 3	Total
Non-financial assets				
Investment properties	-	-	84,393,160	84,393,160
Total assets	-	-	84,393,160	84,393,160
<hr/>				
As at 30 June 2022	Level 1	Level 2	Level 3	Total
Non-financial assets				
Investment properties	-	-	58,913,391	58,913,391
Total assets	-	-	58,913,391	58,913,391

There were no transfers between levels of fair value measurement during the year.

The following table presents the movement in level 3 assets for the year ended 30 June 2023 by class of asset.

	Mortgage Securities	
	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Opening balance	28,887,123	23,186,147
Acquisitions/ additions	19,079,978	20,082,470
Disposals	(19,502,255)	(14,381,494)
Closing balance	28,464,846	28,887,123
<hr/>		
	Investment properties	
	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Opening balance	58,913,391	36,550,262
Acquisitions/ additions	30,179,700	16,794,112
Disposals	(5,525,000)	(2,239,381)
Gains and losses recognised in profit or loss	825,069	7,808,398
Closing balance	84,393,160	58,913,391
<hr/>		
	Other investments at fair value through profit and loss	
	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Opening balance	4,102,935	-
Acquisitions/ additions	68,708,741	4,102,935
Gains and losses recognised in profit or loss	(1,533,339)	-
Closing balance	71,278,337	4,102,935

4 Fair value measurement (continued)

(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.

Mortgage Securities

Fair value of the mortgage funds is calculated from the net asset value determined and advised by the relevant external manager.

Other investments at fair value through profit and loss

Fair value of Other investments at fair value through profit and loss is calculated from the net asset value determined and advised by the relevant external manager.

(c) Sensitivity analysis

The following table shows the impact of a 10% increase or 10% decrease in market prices on the investment property portfolio, with all other factors impacting market valuation remaining unchanged.

Significant input	Fair value measurement sensitivity to significant movement in input	Fair value measurement sensitivity to significant movement in input
	30 June 2023	30 June 2022
	\$	\$
Market price (+10%)	8,439,316	5,891,339
Market price (- 10%)	(8,439,316)	(5,891,339)

The following table shows the impact of a 10% increase or 10% decrease in market prices on other investments at fair value through profit and loss, with all other factors impacting market valuation remaining unchanged.

Significant input	Fair value measurement sensitivity to significant movement in input	Fair value measurement sensitivity to significant movement in input
	30 June 2023	30 June 2022
	\$	\$
Market price (+10%)	7,127,834	410,294
Market price (- 10%)	(7,127,834)	(410,294)

5 Cash and cash equivalents	As at 30 June 2023	As at 30 June 2022
	\$	\$
Cash at bank	28,180,430	36,748,065
	28,180,430	36,748,065

6 Trade and other receivables	As at 30 June 2023	As at 30 June 2022
	\$	\$
Accrued interest	789,306	535,300
Rent and other receivables	46,113	65,250
	835,419	600,550

7 Loans Receivable and Payable	As at 30 June 2023	As at 30 June 2022
<u>Loans receivable</u>	No of Loans \$	\$
Current:		
Victoria	1	948,000
	1	948,000
Non-current:		
New South Wales	1	1,768,887
	1	1,768,887
Total loans receivable	2	2,716,887

<u>Loans payable</u>		
Current:		
Queensland	2	-
Victoria	7	3,221,400
	9	3,221,400
Non-current:		
Queensland	4	1,514,319
Tasmania	4	1,406,400
Victoria	43	12,838,288
Western Australia	3	578,842
	54	16,337,848
Total loans payable	63	19,559,248

7 property sub-funds with the underlying properties in Victoria have entered into 7 separate loan agreements with the DomaCom Loan Fund for a total value of \$5,494,800. The DomaCom Loan Fund in turn, has entered into 6 separate loan agreements with a Mortgage sub-fund for a total value of \$2,273,400 and a loan agreement with a separate Loan sub-fund for \$3,221,400. The loans payable are secured only on the respective assets.

8 Non-current assets - investment properties

Below is the list of properties fully owned by the Fund:

State	No of Sub Funds	As at 30 June 2023 \$	As at 30 June 2022 \$
New South Wales	4	21,600,000	21,600,000
Queensland	16	9,894,441	7,771,152
South Australia	11	6,336,365	5,511,365
Tasmania	16	8,524,433	2,140,000
Victoria	57	36,567,921	19,120,873
Western Australia	5	1,470,000	2,770,000
	109	84,393,160	58,913,391

Reconciliation

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

	As at 30 June 2023 \$	As at 30 June 2022 \$
Beginning balance	58,913,391	36,550,262
Acquisitions	30,179,700	16,794,112
Disposals	(5,525,000)	(2,239,381)
Net gains/(losses) from fair value adjustments	825,069	7,808,398
Adjusted carrying amount at year end	84,393,160	58,913,391

9 Property, plant and equipment

	As at 30 June 2023 \$	As at 30 June 2022 \$
Property, plant and equipment	248,877	248,877
Less: Accumulated Depreciation	(37,332)	(24,888)
	211,545	223,989

Reconciliation

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

	As at 30 June 2023 \$	As at 30 June 2022 \$
Beginning balance	223,989	236,433
Depreciation Expense	(12,444)	(12,444)
Adjusted carrying amount at year end	211,545	223,989

10 Mortgage Securities

	As at 30 June 2023 \$	As at 30 June 2022 \$
Current	23,420,378	20,500,122
Non-current	5,044,468	8,387,001
Total mortgage securities	28,464,846	28,887,123

The sub-fund allows investors to participate in multiple commercial and residential loans backed by first registered mortgages.

11 Other investments at fair value through profit and loss

State	No of Special Opportunities Sub Funds	As at 30 June 2023 \$	As at 30 June 2022 \$
New South Wales	1	1,696,820	-
Western Australia	24	69,581,517	4,102,935
	25	71,278,337	4,102,935

	As at 30 June 2023 \$	As at 30 June 2022 \$
Beginning balance	4,102,935	-
Acquisitions	68,708,741	4,102,935
Net gains/(losses) from fair value adjustments	(1,533,339)	-
Total Other investments at fair value through profit and loss	71,278,337	4,102,935

The special opportunity sub funds allow investors to invest in specialist disability accommodation (SDA) via a unit trust structure. The construction of the specialist disability accommodations are expected to take 20 months from the date of signing. The property will comprise of SDA apartments that will be leased to participants within the NDIS scheme. They have been revalued to reflect the value of the investments with a net loss of \$1,881,844 as at 30 June 2023.

The Special Opportunity Sub-Fund Seed round funding for Plerion Holdings Pty Ltd invested in SAFE notes that have converted into series seed preferred shares as at 30 June 2023 with a net gain of \$348,505 as at 30 June 2023.

12 Trade and other payables

	As at 30 June 2023 \$	As at 30 June 2022 \$
Management fees payable	19,423	21,415
Other payables	183,674	42,574
	203,097	63,989

13 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 2023		Year ended 30 June 2022	
	Units	\$	Units	\$
Opening balance	143,749,697	128,233,151	87,410,376	77,112,330
Applications and unit class conversion	88,669,805	93,491,861	71,674,992	59,178,539
Redemptions	(19,995,287)	(19,995,287)	(15,335,671)	(15,335,671)
Increase in net assets attributable to unit holders	-	(5,200,791)	-	7,277,953
Closing balance	212,424,215	196,528,934	143,749,697	128,233,151

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

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Profit/(loss) for the year	-	-
Increase in net assets attributable to unitholders	(5,200,791)	7,277,953
Depreciation	12,444	12,444
Distributions to unitholders	4,374,259	2,547,540
Change in fair value of Other investments	1,533,339	-
Change in fair value of investment properties	(825,069)	(7,808,398)
Sale of Development Properties	(255,050)	(10,186,653)
Cost of Development Properties	136,231	8,702,119
Net change in receivables and accrued income	(243,420)	(193,924)
Net change in accounts payable and accrued liabilities	139,108	(36,501)
Net cash provided by operating activities	(328,949)	314,580

15 Distributions

Distributions paid/payable to unitholders

The distributions for the period were:

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Distributions paid	4,307,859	2,527,397
Distributions payable	66,400	20,143
	4,374,259	2,547,540

16 Related party transactions

Responsible Entity

The Responsible Entity of the DomaCom Fund is Melbourne Securities Corporation Limited.

Investment Manager DomaCom Australia 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.

DomaCom Australia Limited held cash in the DomaCom Fund. Interest earned during the financial year was \$736 (2022: \$8). At 30 June 2023, cash held in the DomaCom Fund amounted to \$40,351 (2022: \$7,402).

DomaCom Australia Limited acting as Investment Manager incurred \$181,459 (2022: \$131,361) direct costs relating to the operation of the DomaCom Fund that are reimbursed in accordance with the DomaCom Fund Constitution.

DomaCom RTO Trust Pty Ltd

DomaCom RTO Trust Pty Ltd is trustee of DomaCom Rental Property Accelerator (RPA) 304/1009 Dandenong Road, Malvern East Trust and DomaCom RTO Trust for DomaCom Sub-fund 918/40 Hall Street Moonee Ponds, collectively the RTO Trusts.

The Rental Property Accelerator (RPA) product includes the provision of up to 5% of the units of a property sub-fund to the tenant of the property over a 5 year period. Initially the units are held by the RTO Trust for the benefit of future tenants and DomaCom Australia Limited to the extent the units are not transferred to the tenants.

On 17 September 2020 13,097 units were transferred to the DomaCom RTO Trust for DomaCom Sub-fund 918/40 Hall Street Moonee Ponds. The 13,097 units held by RTO Trust were valued at \$10,260 at 30 June 2023 (2022: \$10,690).

On 9 March 2021 21,655 units were transferred to the DomaCom Rental Property Accelerator (RPA) 304/1009 Dandenong Road, Malvern East Trust. Subsequently 4,301 units were transferred to the tenant on 31 May 2021 and 4,361 units were transferred to the tenant on 3 June 2022. The underlying DomaCom sub-fund DMC0186AU 304/1009 Dandenong Road, Malvern East was wound up on 7 March 2023 and \$5,644.42 was returned to DomaCom Rental Property Accelerator (RPA) 304/1009 Dandenong Road, Malvern East Trust. On 17 April 2023 a cash redemption was made to return \$5,657.40 to DomaCom Australia. A subsequent cash redemption was made on 19 June 2023 to return a further \$8.41 to DomaCom Australia.

Responsible Entity's fees and other transactions

The Responsible Entity fees are paid in accordance with the Constitution.

	Year ended 30 June 2023	Year ended 30 June 2022
Management fees expense during the year	2,903,740	1,190,115
Management fees payable as at year end	19,423	21,415

Management fees are paid to the investment manager. The Investment Manager pays the Responsible Entity fees from the Management fees.

16 Related party transactions (continued)

Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, Melbourne Securities Corporation Limited, to manage the activities of the Fund. The directors of the Responsible Entity are key management personnel of that entity during the year ended 30 June 2023 and their names are:

Michael Peter Fleming (Chairman)

Matthew James Fletcher

Shelley Gaye Brown

Steven O'Connell (appointed 12 August 2022)

Ruth McClelland (appointed 12 August 2022)

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.

17 Remuneration of auditor

The remuneration of auditor for the year ended 30 June 2023 has been incurred by the DomaCom Fund and paid for by DomaCom Australia Ltd for the amount of \$61,800 (2022: \$36,050).

18 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2023 and 30 June 2022.

19 Events subsequent to reporting date

There have been no matters or circumstances have arisen since the end of the reporting period 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.

20 Responsible Entity details

The registered office and the principal place of business of the Responsible Entity is Level 2, 395 Collins Street, Melbourne VIC 3000.

Directors' declaration

In the opinion of the Directors of Melbourne Securities Corporation 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 changes in net assets attributable to unitholders, statement of cash flows, 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 2023 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 s303(5) of the Corporations Act 2001.



Director SHELLEY BROWN
Melbourne Securities Corporation Limited

Melbourne

20 September 2023

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Independent Auditor's Report

To the Members of DomaCom Fund

Report on the audit of the financial report

Opinion

We have audited the financial report of DomaCom Fund (the Scheme), 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 net assets attributable to unitholders and statement of cash flows 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, the accompanying financial report of the DomaCom Fund is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Scheme's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 Scheme in accordance with 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.

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Information other than the financial report and auditor's report thereon

The Directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Scheme's annual 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.

Responsibilities of the Directors 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' responsibility also includes 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 Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

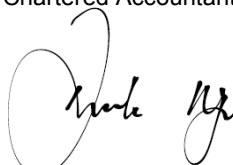
Auditor's responsibilities for the audit of the financial report

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. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D G Ng
Partner – Audit & Assurance

Melbourne, 20 September 2023