

DomaCom Fund
ARSN 167 020 626

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

DomaCom Fund

ARSN 167 020 626

Annual Financial Report

For the year ended 30 June 2024

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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 2024 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 Fleming (Chairman)

Matthew Fletcher

Shelley Brown

Steven O'Connell

Ruth McClelland

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 provides the opportunity to invest in underlying mortgage funds which invest in a unit trust with underlying exposure to registered mortgages. The Fund 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

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 Fund ceased the use of a key distributor during the period and is considering other distributors.

The Fund is undertaking a strategic review of all NDIS assets. Fourteen properties are being held for sale due to ongoing challenges with certain NDIS related assets, including a shortage of NDIS participants and an oversupply of NDIS properties in certain locations. Once the planned sales are completed, remaining funds will be returned to unit holders.

The DomaCom Fund has invested in unit trusts that are building NDIS assets across Western Australia. Delays in the building process, compounded by a shortage of builders, have extended the anticipated completion date for these projects to 2025.

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

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Net operating profit/(loss) before financing costs attributable to unitholders	(589,912)	(826,532)
Distribution paid and payable	4,292,308	4,374,259

The Fund has recorded a year on year increase of 1% in growth of Funds Under Management (FUM) during the year ended 30 June 2024 (2023: 61% increase in FUM).

Directors' Report (continued)

4 Significant changes in state of affairs

Domacom Fund has ceased using key distributors of the fund that were recommending NDIS Development assets. The Fund is undertaking a strategic review of the assets in the fund.

5 After Balance Date Events

The Responsible Entity has raised ongoing concerns with the Fund Manager, DomaCom Australia Pty Ltd, with regards to the control environment in place to operate the Fund and as a result the Responsible Entity of the Domacom Fund has temporarily withdrawn the Product Disclosure Statement for all new business. The Responsible Entity also required that the secondary market for the DomaCom Fund be temporarily suspended.

The Responsible Entity is working closely with the fund manager to ensure that all existing sub funds and assets are being managed in accordance with the Fund constitution.

Fourteen properties held with fourteen distinct sub-funds located in Cobblebank, Victoria, have been reclassified as assets held for sale. These properties are non-income generating and some have been unable to meet their interest repayments due to depletion of cash reserves. DomaCom Australia has been covering the interest payments on behalf of these properties. Management has assessed that the sales of these assets and the return of capital is in the best interest of the investors.

In September 2024, DomaCom Fund received notices of default or notices of demand from lenders for two of the fourteen properties held for sale due to late repayments. DomaCom Australia has made the repayments on behalf of the Fund in order to prevent the default of the loans. In addition to the above Cobblebank NDIS properties, twelve other NDIS-related properties held within twelve distinct sub-funds received notices of default and notices of demand from lenders due to late repayments, DomaCom Australia has also made a total of \$83,573 of arrears repayments on behalf of the Fund as at 24 September 2024 in order to prevent the default of the loans.

At the date of the signing of the financial statements, all sub-funds that received these notices hold assets that are expected to be sufficient to cover all liabilities relating to that sub-fund, including loans payable.

6 Environmental Issues

The Fund ensured that all environmental regulations are monitored and complied with when applicable.

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.

Directors' Report (continued)

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 \$220,098,951 (2023: \$216,357,679).

13 Number of Interests on Issue

At 30 June 2024 the number of units issued in the Fund was 209,195,993 (2023: 212,424,215).

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.



Shelley Brown

Director
Melbourne Securities Corporation Limited

Melbourne
30 September 2024

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 2024, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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, 30 September 2024

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Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Revenue and other income			
Rental and other property income		2,691,530	1,763,480
Interest income		3,222,898	3,774,642
Sale of Development Properties	3	-	255,050
Change in fair value of Other Investments at fair value through profit and loss	4 (a), 11	(1,202,915)	(1,533,339)
Change in fair value of Investment Properties	4 (a), 8	1,469,290	825,069
Total revenue and other income		6,180,803	5,084,902
Expenses			
Property outgoings		1,832,958	1,507,707
Cost of Sales of Development Properties	3	-	136,231
Management fees	16	2,058,715	2,903,740
Legal and professional fees		488,500	657,268
Expenses Related to Properties held for sale		294,224	-
Finance Costs		2,083,874	694,044
Depreciation Expense		12,444	12,444
Total expenses		6,770,715	5,911,434
Operating profit/(loss) for the year		(589,912)	(826,532)
Finance costs attributable to unit holders			
Distributions to unitholders	15	(4,292,308)	(4,374,259)
Decrease/(increase) in net assets attributable to unitholders	13	4,882,220	5,200,791
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 2024 \$	As at 30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents	5	14,327,694	28,180,430
Trade and other receivables	6	1,838,713	835,419
Loan Receivable	7	-	948,000
Mortgage Securities	10	23,467,310	23,420,378
Other assets		275,795	277,055
Total current assets		39,909,512	53,661,282
Properties held for sale	8	11,211,218	-
Total properties held for sale		11,211,218	-
Total		51,120,730	53,661,282
Non-current assets			
Loan Receivable	7	1,768,887	1,768,887
Investment properties	8	84,809,647	84,393,160
Property, plant and equipment	9	199,102	211,545
Mortgage Securities	10	3,422,000	5,044,468
Other investments at fair value through profit and loss	11	80,569,130	71,278,337
Total non-current assets		170,768,766	162,696,397
Total assets		221,889,496	216,357,679
Liabilities			
Current liabilities			
Distributions payable	15	29,118	66,400
Trade and other payables	12	1,462,991	203,097
Loan payable	7	6,515,390	3,221,400
Total current liabilities		8,007,499	3,490,897
Provision for costs associated with properties held for sale		294,225	-
Total provision for costs on properties held for sale		294,225	-
Total		8,301,724	3,490,897
Non-current liabilities			
Loan payable	7	21,726,900	16,337,848
Total non-current liabilities		21,726,900	16,337,848
Total liabilities		30,028,624	19,828,745
Net assets attributable to unit holders - liability	13	191,860,872	196,528,934
Liabilities attributable to unit holders		(191,860,872)	(196,528,934)
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 2024 \$	Year ended 30 June 2023 \$
Beginning balance		196,528,934	128,233,151
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Applications / Reinvestments	13	19,803,065	93,491,861
Redemptions	13	(19,588,907)	(19,995,287)
Decrease in net assets attributable to unitholders	13	(4,882,220)	(5,200,791)
Total net assets attributable to unitholders at the end of the period	13	191,860,872	196,528,934

The above 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 2024	Year ended 30 June 2023
	\$	\$
Cash flows from operating activities		
Rental and other property income received	2,690,980	1,745,536
Interest received	3,336,780	3,520,636
Property outgoings paid	(724,536)	(611,349)
Interest Paid	(2,083,874)	(694,044)
Payments to suppliers	(3,511,112)	(4,289,728)
Net cash used in operating activities	(291,762)	(328,949)
14		
Cash flows from investing activities		
Payments for purchase of investment properties	(13,258,405)	(29,570,141)
Payments for purchase of mortgage securities	(23,531,000)	(19,080,000)
Payments for purchase of other investments at fair value through profit and loss	(10,493,708)	(68,708,718)
Receipts from disposal of investment properties	3,099,992	5,701,810
Receipts from disposal development properties	-	232,370
Receipts from disposal of mortgage securities	25,106,536	19,502,255
Net cash used in investing activities	(19,076,585)	(91,922,424)
Cash flows from financing activities		
Proceeds from applications by unitholders	19,803,065	93,491,860
Proceeds / (repayments) of borrowings	9,631,042	14,515,167
Payments for redemptions by unitholders	(19,588,906)	(19,995,287)
Distributions to unitholders	(4,329,590)	(4,328,002)
Net cash provided by financing activities	5,515,611	83,683,738
Net increase in cash and cash equivalents	(13,852,736)	(8,567,635)
Cash and cash equivalents at the beginning of the year	28,180,430	36,748,065
Cash and cash equivalents at the end of the year	14,327,694	28,180,430
5		

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

1 Material 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).

Material 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 a mixture of independent valuations and internal valuation assessments. 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) Non-Current Assets Held for Sale

Investment properties are classified as non-current assets held for sale when the criteria under AASB 5 'Non-Current Assets Held for Sale and Discontinued Operations' are met. These criteria include the asset being available for immediate sale in its present condition and the sale being highly probable. Upon reclassification, investment properties held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Expenses directly attributable to the disposal of these investment properties, such as legal fees, valuation costs, and sales commissions, are presented separately in the income statement. This presentation ensures transparency regarding the financial effects of the asset's disposal.

1 Material accounting policies (continued)

(c) 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.

(d) Mortgage Securities

(a) Classification

The Fund's investments in Mortgage Securities are held in an equity vehicle and 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. Fair value of Mortgage Funds is based on the net asset value determined and advised by the relevant external manager.

(e) 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. 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.

1 Material accounting policies (continued)

(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

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.

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.

1 Material accounting policies (continued)

(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.

(m) Functional currency

The Fund has a functional currency of Australian dollars.

(n) 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.

(iii) Reclassification of properties to assets held for sale

Management has conducted a comprehensive review of the portfolio and has resolved to reclassify 14 properties as assets held for sale. These properties are currently non-income producing, and management deems that divesting these assets and distributing the proceeds to the unit holders represents the most prudent course of action for maximising value.

In estimating the carrying value of assets held for sale, the average selling costs charged by real estate agents have been used as the basis for calculations.

(o) 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 2023 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

(p) 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 2024 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 2024	Less than 6 months \$	6 months to a year \$	1-5 years \$	5+ years \$
Distributions payable	29,118	-	-	-
Management fees payable	86,803	-	-	-
Other payable	1,376,188	-	-	-
Expenses Related to Properties held for sale	294,225	-	-	-
Loan Payable	521,740	5,993,650	21,726,900	-
Total	2,308,074	5,993,650	21,726,900	-

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	-	-	-
Expenses Related to Properties held for sale	-	-	-	-
Loan Payable	-	3,221,400	16,337,848	-
Total	269,497	3,221,400	16,337,848	-

3 Sale of development properties

	As at 30 June 2024 \$	As at 30 June 2023 \$
Sale of Development Properties	-	255,050
Cost of Sales of Development Properties	-	(136,231)
	-	118,819

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 indirectly; and

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 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Mortgage Securities	-	-	26,889,310	26,889,310
Other investments at fair value through profit and loss			80,569,130	80,569,130
Total assets	-	-	107,458,440	107,458,440
<hr/>				
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

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

As at 30 June 2024	Level 1	Level 2	Level 3	Total
Non-financial assets				
Investment properties	-	-	84,809,647	84,809,647
Properties held for sale	-	-	11,211,218	11,211,218
Total assets	-	-	96,020,865	96,020,865
<hr/>				
As at 30 June 2023	Level 1	Level 2	Level 3	Total
Non-financial assets				
Investment properties	-	-	84,393,160	84,393,160
Properties held for sale	-	-	-	-
Total assets	-	-	84,393,160	84,393,160

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 2024 by class of asset.

	Mortgage Securities	
	Year ended 30 June 2024	Year ended 30 June 2023
	\$	\$
Opening balance	28,464,846	28,464,846
Acquisitions/ additions	23,531,000	19,502,255
Disposals	(25,106,536)	(19,502,255)
Closing balance	26,889,310	28,464,846
<hr/>		
	Investment properties	
	Year ended 30 June 2024	Year ended 30 June 2023
	\$	\$
Opening balance	84,393,160	84,393,160
Acquisitions/ additions	13,329,415	4,699,931
Disposals	(3,171,000)	(5,525,000)
Transfers from investment properties	(11,211,218)	-
Gains and losses recognised in profit or loss	1,469,290	825,069
Closing balance	84,809,647	84,393,160
<hr/>		
	Properties held for sale	
	Year ended 30 June 2024	Year ended 30 June 2023
	\$	\$
Opening balance	-	-
Transfers from investment properties	11,211,218	-
Closing balance	11,211,218	-

4 Fair value measurement (continued)

	Other investments at fair value through profit and loss	
	Year ended 30 June 2024	Year ended 30 June 2023
	\$	\$
Opening balance	71,278,337	4,102,935
Acquisitions/ additions	11,524,994	68,708,741
Return of Capital	(1,031,286)	-
Gains and losses recognised in profit or loss	(1,202,915)	(1,533,339)
Closing balance	80,569,130	71,278,337

(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. For properties without independent valuations, an internal assessment review has been completed.

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 2024	30 June 2023
	\$	\$
Market price (+10%)	8,480,965	8,439,316
Market price (- 10%)	(8,480,965)	(8,439,316)

(c) Sensitivity analysis (continued)

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 2024	30 June 2023
	\$	\$
Market price (+10%)	8,056,913	7,127,834
Market price (- 10%)	(8,056,913)	(7,127,834)

5 Cash and cash equivalents

	As at 30 June 2024	As at 30 June 2023
	\$	\$
Cash at bank	14,327,694	28,180,430
	14,327,694	28,180,430

6 Trade and other receivables

	As at 30 June 2024	As at 30 June 2023
	\$	\$
Accrued interest	675,424	789,306
Rent and other receivables	1,163,289	46,113
	1,838,713	835,419

7 Loans Receivable and Payable

	No of Loans	As at 30 June 2024 \$	No of Loans	As at 30 June 2023 \$
<u>Loans receivable</u>				
Current:				
Victoria	-	-	1	948,000
	-	-	1	948,000
Non-current:				
New South Wales	1	1,768,887	1	1,768,887
	1	1,768,887	1	1,768,887
Total loans receivable	1	1,768,887	2	2,716,887

Loans payable

Current:				
Queensland	1	521,740	-	-
Victoria	14	5,993,650	7	3,221,400
	15	6,515,390	7	3,221,400
Non-current:				
Queensland	5	1,946,810	4	1,514,319
Tasmania	15	5,902,456	4	1,406,400
Victoria	28	11,295,539	43	12,838,288
South Australia	1	2,000,995	-	-
Western Australia	3	581,100	3	578,842
	52	21,726,900	54	16,337,848
Total loans payable	67	28,242,290	61	19,559,248

In prior year, 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. In the current period, the loans have been repaid.

8 Non-current assets - investment properties

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

State	No of Sub Funds	As at	No of Sub Funds	As at
		30 June 2024		30 June 2023
		\$		\$
New South Wales	4	21,700,000	4	21,600,000
Queensland	13	13,240,527	16	9,894,441
South Australia	11	8,675,541	11	6,336,365
Tasmania	16	13,857,543	16	8,524,433
Victoria	39	26,301,036	57	36,567,921
Western Australia	1	1,035,000	5	1,470,000
	84	84,809,647	109	84,393,160

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	As at
	30 June 2024	30 June 2023
	\$	\$
Beginning balance	84,393,160	58,913,391
Acquisitions	13,329,415	30,179,700
Disposals	(3,171,000)	(5,525,000)
Properties held for sale	(11,211,218)	-
Net gains/(losses) from fair value adjustments	1,469,290	825,069
Adjusted carrying amount at year end	84,809,647	84,393,160

Movements in properties held for sale

	As at	As at
	30 June 2024	30 June 2023
	\$	\$
Properties held for sale	11,211,218	-
	14	11,211,218

	As at	As at
	30 June 2024	30 June 2023
	\$	\$
Beginning balance	-	-
Transfers from investment properties	11,211,218	-
Adjusted carrying amount at year end	11,211,218	-

Fourteen properties are being held for sale due to ongoing challenges with certain NDIS related assets, including a shortage of NDIS participants and an oversupply of NDIS properties in certain locations. The assets are held at the lower of the carrying amount and fair value less costs to sell.

9 Property, plant and equipment

	As at	As at
	30 June 2024	30 June 2023
	\$	\$
Property, plant and equipment	248,877	248,877
Less: Accumulated Depreciation	(49,775)	(37,332)
	199,102	211,545

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	As at
	30 June 2024	30 June 2023
	\$	\$
Beginning balance	211,545	223,989
Depreciation Expense	(12,444)	(12,444)
Adjusted carrying amount at year end	199,102	211,545

10 Mortgage Securities

	As at 30 June 2024 \$	As at 30 June 2023 \$
Current	23,467,310	23,420,378
Non-current	3,422,000	5,044,468
Total mortgage securities	26,889,310	28,464,846

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

	No of Special Opportunities Sub Funds	As at 30 June 2024 \$	No of Special Opportunities Sub Funds	As at 30 June 2023 \$
State				
New South Wales	1	1,687,683	1	1,696,820.00
Western Australia	27	78,881,447	24	69,581,517
	28	80,569,130	25	71,278,337

	As at 30 June 2024 \$	As at 30 June 2023 \$
Beginning balance	71,278,337	4,102,935
Acquisitions	11,524,994	68,708,741
Return of Capital	(1,031,286)	-
Net gains/(losses) from fair value adjustments	(1,202,915)	(1,533,339)
Total Other investments at fair value through profit and loss	80,569,130	71,278,337

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 complete in the next 24 months. The properties 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 \$1,225,955 as at 30 June 2024.

The special opportunity sub fund seed round funding for Plerion Holdings Pty Ltd (based in NSW) invested in series seed preferred shares held in USD denomination which has been revalued with a net loss of \$9,137 as at 30 June 2024.

12 Trade and other payables

	As at 30 June 2024 \$	As at 30 June 2023 \$
Management fees payable	86,803	19,423
Other payables	1,376,188	183,674
	1,462,991	203,097

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 2024		Year ended 30 June 2023	
	Units	\$	Units	\$
Opening balance	212,424,215	196,528,934	143,749,697	128,233,151
Applications and unit class conversion	16,360,684	19,803,065	88,669,805	93,491,861
Redemptions	(19,588,906)	(19,588,907)	(19,995,287)	(19,995,287)
Increase in net assets attributable to unit holders	-	(4,882,220)	-	(5,200,791)
Closing balance	209,195,993	191,860,872	212,424,215	196,528,934

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

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Profit/(loss) for the year	-	-
Increase in net assets attributable to unitholders	(4,882,220)	(5,200,791)
Depreciation	12,444	12,444
Distributions to unitholders	4,292,308	4,374,259
Change in fair value of Other investments	1,202,915	1,533,339
Change in fair value of investment properties	(1,469,290)	(825,069)
Expenses Related to Properties held for sale	294,224	-
Sale of Development Properties	-	(255,050)
Cost of Development Properties	-	136,231
Net change in receivables and accrued income	(1,002,037)	(243,420)
Net change in accounts payable and accrued liabilities	1,259,894	139,108
Net cash provided by operating activities	(291,762)	(328,949)

15 Distributions

Distributions paid/payable to unitholders

The distributions for the period were:

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Distributions paid and reinvested	4,263,190	4,307,859
Distributions payable	29,118	66,400
	4,292,308	4,374,259

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 \$459 (2023: \$736). At 30 June 2024, cash held in the DomaCom Fund was \$2,113 (2023: \$40,351).

DomaCom Australia Limited acting as Investment Manager incurred \$257,308 (2023: \$181,459) direct costs relating to the operation of the DomaCom Fund that are reimbursed in accordance with the DomaCom Fund Constitution.

Responsible Entity's fees and other transactions

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

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Management fees expense during the year	2,058,715	2,903,740
Management fees payable as at year end	86,803	19,423

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

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 2024 and their names are:

Michael Fleming (Chairman)
Matthew Fletcher
Shelley Brown
Steven O'Connell
Ruth McClelland

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.

Directors of DomaCom Australia Limited:

John Hewson (appointed 3 April 2022)
Steven James (appointed 12 April 2023)
Ross Landles (appointed 23 May 2024)
George Paxton (appointed 27 September 2019) (resigned 2 August 2024)
Grahame Evans (appointed 23 February 2015) (resigned 30 April 2024)
Ross Laidlaw (appointed 23 February 2015) (resigned 30 April 2024)
Angela Williams (appointed 3 April 2022) (resigned 30 April 2024)
Hilal Yassine (appointed 17 March 2021) (resigned 30 April 2024)

16 Related party transactions (continued)

Other transactions with the DomaCom Fund

From time to time directors of DomaCom Australia Limited, or their director related entities, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund unitholders and are not material in nature.

17 Remuneration of auditor

The remuneration of auditor for the year ended 30 June 2024 has been incurred by the DomaCom Fund and paid for by DomaCom Australia Ltd for the amount of \$63,345 (2023: \$61,800).

18 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2024 and 30 June 2023.

19 Events subsequent to reporting date

The Responsible Entity has raised ongoing concerns with the Fund Manager, DomaCom Australia Pty Ltd, with regards to the control environment in place to operate the Fund and as a result the Responsible Entity of the Domacom Fund has temporarily withdrawn the Product Disclosure Statement for all new business. The Responsible Entity also required that the secondary market for the DomaCom Fund be temporarily suspended.

The Responsible Entity is working closely with the fund manager to ensure that all existing sub funds and assets are being managed in accordance with the Fund constitution.

Fourteen properties held with fourteen distinct sub-funds located in Cobblebank, Victoria, have been reclassified as assets held for sale. These properties are non-income generating and some have been unable to meet their interest repayments due to depletion of cash reserves. DomaCom Australia has been covering the interest payments on behalf of these properties. Management has assessed that the sales of these assets and the return of capital is in the best interest of the investors.

In September 2024, DomaCom Fund received notices of default or notices of demand from lenders for two of the fourteen properties held for sale due to late repayments. DomaCom Australia has made the repayments on behalf of the Fund in order to prevent the default of the loans. In addition to the above Cobblebank NDIS properties, twelve other NDIS-related properties held within twelve distinct sub-funds received notices of default and notices of demand from lenders due to late repayments, DomaCom Australia has also made a total of \$83,573 of arrears repayments on behalf of the Fund as at 24 September 2024 in order to prevent the default of the loans.

At the date of the signing of the financial statements, all sub-funds that received these notices hold assets that are expected to be sufficient to cover all liabilities relating to that sub-fund, including loans payable.

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 2024 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.



Shelley Brown

Director
Melbourne Securities Corporation Limited

Melbourne
30 September 2024

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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 2024, 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 material accounting policy information, 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 2024 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 Company 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 2024 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 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, 30 September 2024