

DomaCom Fund
ARSN 167 020 626

**CONDENSED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

DomaCom Fund

ARSN 167 020 626

Condensed interim financial report For the half-year ended 31 December 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 condensed interim financial statements of the Fund for the half-year ended 31 December 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 half-year are:

Michael Peter Fleming (Chairman)

Matthew James Fletcher

Shelley Gaye Brown

Steven O'Connell

Ruth McClelland

2 Principal activities

The principal activity of the Fund is fractional investment in real estate (residential and commercial), for the purpose of earning revenue in the form of rent and to participate in capital growth. The Fund also provides the opportunity to invest in underlying mortgage funds which invest in unit trusts with underlying exposure to registered mortgages. The Fund also has the ability to hold investments in special opportunity projects that can involve the 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:

	Half-year ended 31 December 2023 \$	Half-year ended 31 December 2022 \$
Net operating profit/(loss) before financing costs attributable to unitholders	(1,229,299)	(265,314)
Distribution paid and payable	2,805,521	2,579,672

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 half-year under review.

5 After Balance Date Events

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.

Directors' Report (continued)

6 Environmental Issues

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

7 Indemnification and insurance of Officers and Auditors

During or since the end of the period, 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 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 half-year.

A copy of the auditors' independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors of Melbourne Securities Corporation Limited.



Director
Melbourne Securities Corporation Limited

Melbourne
12th March 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 review of DomaCom Fund for the half-year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D G Ng
Partner – Audit & Assurance

Melbourne, 12 March 2024

Condensed interim statement of profit or loss and other comprehensive income

	Note	Half-year ended 31 December 2023 \$	Half-year ended 31 December 2022 \$
Revenue and other income			
Rental and other property income		1,164,056	790,721
Interest income		1,820,322	2,008,435
Sale of Development Properties	3	-	255,050
Change in fair value of Other Investments at fair value through profit and loss		(948,134)	-
Change in fair value of investment properties		125,368	(376,821)
Total revenue and other income		2,161,612	2,677,385
Expenses			
Property outgoings		1,080,681	627,591
Cost of Sales of Development Properties	3	-	136,231
Management fees		1,159,739	1,669,710
Legal and professional fees		308,393	269,004
Finance Costs		835,876	233,941
Depreciation Expense		6,222	6,222
Total expenses		3,390,911	2,942,699
Operating profit/(loss) for the half-year		(1,229,299)	(265,314)
Finance costs attributable to unitholders			
Distributions to unitholders	10	(2,805,521)	(2,579,672)
Decrease/(increase) in net assets attributable to unitholders	9	4,034,820	2,844,986
Operating profit/(loss) for the half-year		-	-
Other comprehensive income		-	-
Total comprehensive income/(loss) for the half-year attributable to unitholders		-	-

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

Condensed interim statement of financial position

	Note	As at 31 December 2023 \$	As at 30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents		14,453,417	28,180,430
Trade and other receivables		698,122	835,419
Loan Receivable	4	-	948,000
Mortgage Securities	5	25,827,846	23,420,378
Other assets		400,802	277,055
Total current assets		41,380,187	53,661,282
Non-current assets			
Loan Receivable	4	1,768,887	1,768,887
Investment properties	6	90,922,664	84,393,160
Property, plant and equipment	8	205,323	211,545
Mortgage Securities	5	5,470,000	5,044,468
Other investments at fair value through profit and loss	7	81,839,367	71,278,337
Total non-current assets		180,206,241	162,696,397
Total assets		221,586,428	216,357,679
Liabilities			
Current liabilities			
Distributions payable		31,028	66,400
Trade and other payables		247,468	203,097
Loan payable	4	2,794,833	3,221,400
Total current liabilities		3,073,329	3,490,897
Non-current liabilities			
Loan payable	4	22,103,077	16,337,848
Total non-current liabilities		22,103,077	16,337,848
Total liabilities		25,176,406	19,828,745
Net assets attributable to unit holders - liability	9	196,410,022	196,528,934
Liabilities attributable to unit holders		(196,410,022)	(196,528,934)
Net assets		-	-

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

Condensed interim statement of changes in net assets attributable to unitholders

	Note	Half-year ended 31 December 2023 \$	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		15,114,529	93,491,861
Redemptions		(11,198,621)	(19,995,287)
Increase/(decrease) in net assets attributable to unitholders		(4,034,820)	(5,200,791)
Total net assets attributable to unitholders at the end of the period	9	196,410,022	196,528,934

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

	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Cash flows from operating activities		
Rental and other property income received	1,163,506	779,016
Interest received	1,911,861	1,792,248
Property outgoings paid	(1,080,681)	(234,752)
Interest Paid	(835,876)	(233,941)
Payments to suppliers	(1,417,833)	(2,244,009)
Net cash provided by operating activities	(259,023)	(141,438)
Cash flows from investing activities		
Payments for purchase of investment properties	(8,474,331)	(11,775,740)
Payments for purchase of mortgage securities	(16,107,000)	(9,955,978)
Payments for purchase of other investments at fair value through profit and loss	(11,509,164)	(49,001,910)
Receipts from disposal of investment properties	1,945,695	3,985,106
Receipts from disposal development properties	-	232,371
Receipts from disposal of mortgage securities	13,274,000	7,845,654
Net cash used in investing activities	(20,870,800)	(58,670,497)
Cash flows from financing activities		
Proceeds from applications by unitholders	15,114,530	55,435,068
Proceeds / (repayments) of borrowings	6,327,792	5,823,193
Payments for redemptions by unitholders	(11,198,619)	(10,698,495)
Distributions to unitholders	(2,840,893)	(2,541,744)
Net cash provided by financing activities	7,402,810	48,018,022
Net increase in cash and cash equivalents	(13,727,013)	(10,793,913)
Cash and cash equivalents at the beginning of the half-year	28,180,430	36,748,065
Cash and cash equivalents at the end of the half-year	14,453,417	25,954,152

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

1 Basis of preparation of half-year financial statements

These general purpose financial statements for the interim half-year ended 31 December 2023 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2023 and any public announcements made in respect of the DomaCom Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements were authorised for issue by the directors on 12th March 2024. The directors of the Responsible Entity have the power to amend the financial statements after they have been issued.

The accounting policies adopted are consistent with those of the previous financial year.

Standards and Interpretations affecting the reported results or financial position

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year. Their adoption has had no material impact on the disclosures and/or amounts reported in these financial statements.

2 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).

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

At 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Mortgage Securities	-	-	31,297,846	31,297,846
Other investments at fair value through profit and loss	-	-	81,839,367	81,839,367
Total assets	-	-	113,137,213	113,137,213
<hr/>				
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:

At 31 December 2023	Level 1	Level 2	Level 3	Total
Non-financial assets				
Investment properties	-	-	90,922,664	90,922,664
Total assets	-	-	90,922,664	90,922,664
<hr/>				
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

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

2 Fair value measurement (continued)

(a) Recognised fair value measurements (continued)

The following table presents the movement in level 3 assets for the half-year ended 31 December 2023 by class of asset.

	Mortgage Securities	
	Half-year ended	Year ended
	31 December 2023	30 June 2023
Opening balance	28,464,846	28,887,123
Acquisitions/ additions	16,107,000	19,079,978
Disposals	(13,274,000)	(19,502,255)
Closing balance	31,297,846	28,464,846
	Investment properties	
	Half-year ended	Year ended
	31 December 2023	30 June 2023
Opening balance	84,393,160	58,913,391
Acquisitions/ additions	8,390,136	30,179,700
Disposals	(1,986,000)	(5,525,000)
Profit/(losses) recognised in profit or loss	125,368	825,069
Closing balance	90,922,664	84,393,160
	Other investments at fair value through profit and loss	
	Half-year ended	Year ended
	31 December 2023	30 June 2023
Opening balance	68,708,741	4,102,935
Acquisitions/ additions	14,078,760	68,708,741
Gains and losses recognised in profit or loss	(948,134)	(1,533,339)
Closing balance	81,839,367	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.

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.

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.

Mortgage Securities

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

3 Sale of development properties

	As at 31 December 2023 \$	As at 31 December 2022 \$
Sale of Development Properties	-	255,050
Cost of Sales of Development Properties	-	(136,231)
	-	118,822

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 Loans Receivable and Payable

	As at 31 December 2023		As at 30 June 2023	
	No of Loans	\$	No of Loans	\$
<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
<u>Loans payable</u>				
Current:				
Queensland	1	521,433	-	-
Victoria	6	2,273,400	7	3,221,400
	7	2,794,833	7	3,221,400
Non-current:				
Queensland	4	1,067,911	4	1,514,319
Tasmania	15	5,566,068	4	1,406,400
Victoria	36	14,888,956	43	12,838,288
Western Australia	3	580,142	3	578,842
	58	22,103,077	54	16,337,848
Total loans payable	65	24,897,910	61	19,559,248

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

5 Mortgage Securities

	As at December 2023 \$	As at 30 June 2023 \$
Current	25,827,846	23,420,378
Non-current	5,470,000	5,044,468
	31,297,846	28,464,846

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

6 Non-current assets - investment properties

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

State	As at 31 December 2023		As at 30 June 2023	
	No of Sub Funds	\$	No of Sub Funds	\$
New South Wales	4	21,611,722	4	21,600,000
Queensland	14	9,948,652	16	9,894,441
South Australia	11	7,008,249	11	6,336,365
Tasmania	16	13,471,506	16	8,524,433
Victoria	52	37,385,492	57	36,567,921
Western Australia	2	1,497,043	5	1,470,000
	99	90,922,664	109	84,393,160

7 Other investments at fair value through profit and loss

State	As at 31 December 2023		As at 30 June 2023	
	No of Sub Funds	\$	No of Sub Funds	\$
New South Wales	2	2,659,726	1	1,696,820
Western Australia	27	79,179,641	24	69,581,517
	29	81,839,367	25	71,278,337

The special opportunity sub funds allows investors to invest in securities via a unit trust structure. The assets in the underlying unit trusts consists mainly of NDIS properties.

8 Property, plant and equipment

	As at 31 December 2023 \$	As at 30 June 2023 \$
Property, plant and equipment	248,877	248,877
Less: Accumulated Depreciation	(43,554)	(37,332)
	205,323	211,545

9 Net assets attributable to unitholders

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

	Half-year ended 31 December 2023		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	12,062,498	15,114,529	88,669,805	93,491,861
Redemptions	(11,198,619)	(11,198,621)	(19,995,287)	(19,995,287)
Increase/(decrease) in net assets attributable to unit holders	-	(4,034,820)	-	(5,200,791)
Closing balance	213,288,094	196,410,022	212,424,215	196,528,934

10 Distributions

Distributions paid/payable to unitholders

The distributions for the period were:

	Half-year ended 31 December 2023 \$	Half-year ended 31 December 2022 \$
Distributions paid	2,774,493	2,521,601
Distributions payable	31,028	58,071
	<u>2,805,521</u>	<u>2,579,672</u>

11 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2023.

12 Events subsequent to reporting date

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.

13 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 31 December 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
Melbourne Securities Corporation Limited

Melbourne
12th March 2024

Grant Thornton Audit Pty Ltd

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Independent Auditor's Review Report

To the Members of DomaCom Fund

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of DomaCom Fund (the Scheme), which comprises the condensed interim statement of financial position as at 31 December 2023, and the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in net assets attributable to unitholders and statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of DomaCom Fund's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' responsibility for the half-year financial report

The Directors of the Responsible Entity of the Scheme are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

The logo for Grant Thornton, featuring the company name in a stylized, cursive script.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in black ink, appearing to read 'D G Ng'.

D G Ng
Partner – Audit & Assurance

Melbourne, 12 March 2024