# SMSF PROPERTY FUND AND ITS CONTROLLED ENTITIES

## ARSN 159 753 474

## Annual Report
## 30 June 2024

# DIRECTORS' REPORT
## 30 JUNE 2024

The directors of Guardian Securities Limited (the "Responsible Entity"), the Responsible Entity of SMSF Property Fund (referred to hereafter as the "Fund"), present their financial report together with the financial statements of the Consolidated Entity (referred to hereafter as the "Consolidated Entity"), consisting of the unit trust and the special purpose vehicles it controlled for the year ended 30 June 2024, and the auditor's report thereon.

### Directors

The following persons were directors of Guardian Securities Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Steven Maarbani
David Whitting
Darren Tasker (appointed 17 November 2023)

The Fund is a registered managed investment scheme domiciled in Australia. SMSF Property Fund is a property fund that was formed to acquire Australian residential property for development purposes on behalf of fund investors. The Fund invests in Australian residential property through special purpose vehicles established for each investment opportunity, each of which form part of the Consolidated Entity.

The Consolidated Entity did not have any employees during the year.

There were no significant changes in the nature of these activities during the year.

### Fund information

SMSF Property Fund ("the Fund") is a registered managed investment scheme under the *Corporations Act 2001*. The Fund was constituted on 15 August 2012 and will terminate on 14 August 2092 unless terminated in accordance with the Constitution.

The registered office and principal place of business of the Responsible Entity and the Fund is Level 1, 800 Kingsford Smith Drive, Eagle Farm, QLD 4009.

### Review of operations

The net loss from ordinary activities after income tax and distributions to the investors for the year ended 30 June 2024 amounted to $2,457,091 (2023: loss of $7,962,167).

The majority of the projects are in development stage and commercial revenues from sales were $22,385,777 (2023: $2,975,702).

Scheme assets
At 30 June 2024, the Consolidated Entity had total assets of $37,511,641 (2023: $54,662,353), which were primarily invested in various residential development projects in Australia. The Consolidated Entity had 546 investors at 30 June 2024 (2023: 541) in its various classes of units.

**Responsible entity**
The following fees were paid and payable to Guardian Securities Limited out of the Consolidated Entity's property during the financial year:

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$** | **$** |
| Management fees paid directly by the Consolidated Entity | 141,795 | 182,296 |

The Guardian Investment Fund, subscribed for $7,637,042 (30 June 2023: $13,590,027) preference shares in various special purpose vehicles during the year. The Responsible Entity and its associates had no other funds invested in the Consolidated Entity at balance date.

Distributions
Partial redemptions of $137,697 during the year (2023: partial redemptions of $13,843) and no distributions were paid during the year (2023: $nil).

Investor Funds
The Consolidated Entity received $nil (2023: $nil) of investor funds during the year, while $nil was withdrawn (2023: $nil). The balance of investors' funds at the end of the financial year amounted to a net liability of $nil (2023: net assets of 2,594,788)

**Significant changes in the state of affairs**

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the year other than as disclosed in the review and results of operations.

**Matters subsequent to the end of the financial year**

No other matters or circumstances have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

**Likely developments and expected results of operations**

The Consolidated Entity will continue to pursue its policy of increasing returns through active investment selection.

Further information about likely developments in the operations of the Consolidated Entity and the expected results of those operations in the future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

**Environmental regulation**

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Indemnity and insurance of officers**

The Constitution of the responsible entity has indemnified the directors and executives of the responsible entity for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the responsible entity paid a premium in respect of a contract to insure the directors and executives of the responsible entity against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Indemnity and insurance of auditor

The responsible entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the fund or any related entity against a liability incurred by the auditor.

During the financial year, the responsible entity has not paid a premium in respect of a contract to insure the auditor of the fund or any related entity.

## Interests in the fund

The movement in units on issue in the fund during the year is disclosed in note 12 to the financial statements.

The value of the fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 1 to the financial statements.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

DocuSigned by:
Steven Maarbani
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Steven Maarbani
Director

Dated this day 31 October 2024
Sydney

## Auditor's independence declaration

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## CONTENTS
## FOR THE YEAR ENDED 30 JUNE 2024



### General information

The SMSF Property Fund ("the Fund" or "the Consolidated Entity") is a registered managed investment scheme domiciled in Australia and that was formed to acquire Australian residential property for development purposes on behalf of fund investors. The Fund invests in Australian residential property through special purpose vehicles established for each investment opportunity, each of which form part of the Consolidated Entity.

The financial report covers SMSF Property Fund as a Consolidated Entity consisting of Livingstone Street Residences Development Pty Limited, Burrell Avenue Developments Pty Limited, Rosedene Street Residences Development Pty Limited, Bryna Parade Residences Development Pty Limited, Chermside Residences Development Pty Limited, Fernvale Development Pty Limited and Glenvale Devine Road Developments Pty Limited. The financial report is presented in Australian dollars, which is SMSF Property Fund's functional and presentation currency.

A description of the nature of the fund's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 October 2024. The directors have the power to amend and reissue the financial statements.

**SMSF PROPERTY FUND AND ITS CONTROLLED ENTITIES**
**ARSN 159 753 474**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 30 JUNE 2024**

| | Note | 2024<br>$ | 2023<br>$ |
|---|---|---|---|
| **Revenues and other income** | | | |
| Revenue from sales | 4 | 22,385,777 | 2,975,702 |
| Cost of sales | 8 | (20,549,772) | (4,346,063) |
| Gross profit/ (deficit) | | 1,836,005 | (1,370,361) |
| Rental income | 4 | 30,783 | 367,289 |
| Other income | | 732,281 | 316,120 |
| Fair value gain on re-measurement of financial liabilities | 12 | 3,138,312 | 14,051,313 |
| **Expenses** | | | |
| Finance costs | | (3,849) | (97,537) |
| Management fees | 15 | (350,814) | (366,541) |
| Professional fees | | (619,786) | (503,141) |
| Marketing fees | | (225,602) | (673,363) |
| Property expenses | | (269,978) | (465,037) |
| Impairment expense | 8 | (6,575,236) | (18,993,331) |
| Other expenses | | (149,207) | (227,578) |
| Total expenses | | (2,457,091) | (21,326,528) |
| **Loss before distributions and income tax attributable to unitholders** | | (2,457,091) | (7,962,167) |
| Distributions paid to investors | | - | - |
| **Loss after distributions and income tax attributable to unitholders** | | (2,457,091) | (7,962,167) |
| Income tax expense | | - | - |
| **Loss after distributions and income tax attributable to unitholders** | | (2,457,091) | (7,962,167) |
| **Other comprehensive income** | | | |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive loss (change in net assets attributable to unitholders)** | | (2,457,091) | (7,962,167) |

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

**SMSF PROPERTY FUND AND ITS CONTROLLED ENTITIES**
**ARSN 159 753 474**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

| | Note | 2024 $ | 2023 $ |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 5 | 3,509,613 | 490,447 |
| Trade and other receivables | 6 | 246,199 | 157,078 |
| Other assets | 7 | 1,050,526 | 1,806,863 |
| Inventories | 8 | 32,705,303 | 47,464,791 |
| Investment property | 9 | - | 4,743,174 |
| **Total assets** | | **37,511,641** | **54,662,353** |
| **Liabilities** | | | |
| Financial liabilities measured at amortised cost: | | | |
| Trade and other payables | 10 | 3,645,591 | 3,275,434 |
| Loans | 11 | 26,229,008 | 35,771,224 |
| Preference shares | 12 | 7,637,042 | 13,020,907 |
| **Total liabilities (excluding net assets attributable to investors)** | | **37,511,641** | **52,067,565** |
| **Net assets/(liability) attributable to investors – liability** | | **-** | **2,594,788** |

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

**SMSF PROPERTY FUND AND ITS CONTROLLED ENTITIES**
**ARSN 159 753 474**

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

| | Units on Issue<br>No. | Net Assets Attributable to Unitholders<br>$ |
|---|---|---|
| **Balance at 1 July 2023** | 19,121,656 | 2,594,788 |
| Issue of units | - | - |
| Redemption of units | (8,104,113) | (137,697) |
| Increase in net assets attributable to unitholders from transactions in units | (8,104,113) | (137,697) |
| Comprehensive income: | | |
| Loss for the year | - | (2,457,091) |
| Total Comprehensive income/(loss) for the year | - | (2,457,091) |
| **Balance at 30 June 2024** | **11,017,543** | **-** |
| **Balance at 1 July 2022** | 27,161,656 | 10,570,798 |
| Redemption of units | (8,040,000) | (13,843) |
| Decrease in net assets attributable to unitholders from transactions in units | (8,040,000) | (13,843) |
| Comprehensive income: | | |
| Profit for the year* | - | (7,962,167) |
| Total comprehensive income for the year | - | (7,962,167) |
| **Balance at 30 June 2023** | **19,121,656** | **2,594,788** |

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

**SMSF PROPERTY FUND AND ITS CONTROLLED ENTITIES**
**ARSN 159 753 474**

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

| | Note | 2024<br>$ | 2023<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipt from customers | | 22,018,373 | 3,727,085 |
| Rental income received | | 30,783 | 367,289 |
| Interest received | | 4,277 | 6,214 |
| Payment for inventories | | (12,365,520) | (13,096,191) |
| Management fees paid | | (385,895) | (327,422) |
| Other operating costs paid | | (264,536) | (1,819,462) |
| Finance costs paid | | (3,849) | (97,537) |
| **Net cash flows used in operating activities** | 22 | 9,033,632 | (11,240,024) |
| **Cash flows from investing activities** | | | |
| Sale of investment property, inclusive of GST | | 5,911,000 | 2,120,000 |
| **Net cash provided by financing activities** | | 5,911,000 | 2,120,000 |
| **Cash flows from financing activities** | | | |
| Redemption of units on issue | | (137,697) | (13,843) |
| Proceeds from issue of preference shares | | - | 620,000 |
| Redemptions paid for preference shares | | (2,245,553) | (1,470,001) |
| Proceeds from borrowings | | 2,121,282 | 13,316,409 |
| Repayment of borrowings | | (11,663,498) | (6,151,909) |
| **Net cash provided by financing activities** | | (11,925,466) | 6,300,656 |
| Net increase/ (decrease) in cash and cash equivalents | | 3,019,166 | (2,819,368) |
| Cash and cash equivalents at the beginning of the financial year | | 490,447 | 3,309,815 |
| Cash and cash equivalents at the end of the financial year | 5 | 3,509,613 | 490,447 |

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

## Note 1. General Information

The SMSF Property Fund ("the Fund" or "the Consolidated Entity") is a registered managed investment scheme domiciled in Australia and that was formed to acquire Australian residential property for development purposes on behalf of fund investors. The Fund invests in Australian residential property through special purpose vehicles established for each investment opportunity, each of which form part of the Consolidated Entity.

The financial report covers SMSF Property Fund as a Consolidated Entity consisting of Livingstone Street Residences Development Pty Limited, Bryna Parade Residences Development Pty Limited, Chermside Residences Development Pty Limited, and Glenvale Devine Road Developments Pty Limited. The financial report is presented in Australian dollars, which is SMSF Property Fund's functional and presentation currency.

The financial report was authorised for issue, in accordance with a resolution of directors of the Responsible Entity, on 30 October 2024.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of the new or amended Accounting Standards and Interpretations did not have any significant impact.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The directors of the responsible entity have decided to cease the operations of the SMSF Property Fund. That is, once the existing projects, namely Glenvale and Bryna, are completed and sold, no more new projects will be commenced under this fund. Therefore, the directors of the responsible entity have determined that the going concern basis of preparation is no longer appropriate.

Accordingly, these financial statements are not prepared on a going concern basis. The directors of the responsible entity have applied the requirements of AASB 101 *Presentation of Financial Statements* which states that “When the financial report is not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the entity is not regarded as a going concern.”

The financial statements have been prepared on a liquidation basis.

### Note 2. Significant accounting policies (continued)

*Impact of adopting the liquidation basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report*

Under the liquidation basis of preparation, assets and liabilities are measured at their liquidation value. The liquidation value of assets is their net realisable value. Net realisable value is based on the proceeds receivable on disposal less restructure and liquidation costs. The liquidation value of liabilities is their expected settlement amount. Any gains or losses resulting from measuring assets and liabilities to the liquidation value are recognised in profit or loss.

Under the liquidation basis of accounting, all assets and liabilities are classified as current. In adopting the liquidation basis, the directors have continued to apply the disclosure requirements of Australian Accounting Standards, to the extent they are relevant to the liquidation basis and have modified them where this is considered appropriate.

The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the liquidation basis of preparation. Comparative information has not been restated and is measured and presented on a going concern basis.

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity. The table below presents the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts to be recovered or settled within twelve months as at 30 June 2024:

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| **Assets** | | |
| **Expected within 12 months** | | |
| Cash and cash equivalents | 3,509,613 | 490,447 |
| Trade and other receivables | 246,199 | 157,078 |
| Loans to related parties | - | - |
| Other Assets | 1,050,526 | 1,806,863 |
| Inventories | 13,599,623 | 16,539,903 |
| Investment properties | - | 1,480,000 |
| | 18,405,961 | 20,474,291 |
| **Expected in more than 12 months** | | |
| Inventories | 19,105,680 | 30,924,888 |
| Investment Properties | - | 3,263,174 |
| | 19,105,680 | 34,188,062 |
| **TOTAL ASSETS** | **37,511,641** | **54,662,353** |
| **Liabilities** | | |
| **Expected within 12 months** | | |
| Payables | 3,645,591 | 3,275,434 |
| Loans | 8,061,765 | 17,463,981 |
| Preference Shares | - | - |
| | 11,707,356 | 20,739,415 |
| **Expected in more than 12 months** | | |
| Loans | 18,167,243 | 18,307,243 |
| Preference shares | 7,637,042 | 13,020,907 |
| | 25,804,285 | 31,328,150 |
| **TOTAL LIABILITIES** | **37,511,641** | **52,067,565** |

## Note 2. Significant accounting policies (continued)

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### Principles of consolidation

The consolidated financial statements incorporate assets and liabilities of all subsidiaries of SMSF Property Fund (‘Fund’ or ‘unit trust’) as at 30 June 2024 and the results of all subsidiaries for the year then ended. SMSF Property Fund and its subsidiaries together are referred to in these financial statements as the ‘Consolidated Entity’.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity losses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## Note 2. Significant accounting policies (continued)

### Master Fund information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 20.

### Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Consolidated Entity's functional currency.

### Fair value measurement

The Consolidated Entity measures investment properties at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Consolidated Entity. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Consolidated Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data

## Note 2. Significant accounting policies (continued)

### Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Sales revenue*
Sales revenue is recognised at settlement, which is when the risks and rewards have been transferred to the customer in accordance with the valid sales contract.

*Sales revenue - individual properties*
Sales revenue is recognised at settlement, which is when control of the asset has been transferred to the customer in accordance with the valid sales contract. Sales revenue is recognised at the amount agreed in the contract.

*Sales revenue - house and land packages*
Sales revenue is recognised at settlement, which is when control of the asset has been transferred to the customer in accordance with the valid sales contract. Sales revenue is recognised at the amount agreed in the contract.

*Rent*
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

*Other income*
Other income is recognised when it is received or when the right to receive payment is established.

### Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Investment property
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Consolidated Entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Changes in fair value are recognised directly to profit or loss.

Investment properties transferred from inventories that will be carried at fair value are measured at the date of transfer and any difference between the fair value of the property at that date and its previous carrying amount are recognised in profit or loss.

### Income tax
Under current legislation, the fund is not subject to income tax provided it attributes the entirety of its taxable income, including realised capital gains, to its unitholders.

### Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Note 2. Significant accounting policies (continued)

*Initial recognition and measurement*
Financial assets are classified, at the initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Consolidated Entity's business model for managing them. The Consolidated Entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Consolidated Entity has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policies in section "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Consolidated Entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting the contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market-place (regular way trades) are recognised on the trade date, i.e., the date that the Consolidated Entity commits to purchase or sell the asset.

*Subsequent measurement*
For purposes of subsequent measurement, financial asset are classified in four categories:

- Financial assets at amortised cost (debt instruments),
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments),
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments),
- Financial assets at fair value through profit or loss.

## Note 2. Significant accounting policies (continued)

### Financial assets (continued)

*Financial assets at amortised cost (debt instruments)*
This category is the most relevant to the Consolidated Entity. The Consolidated Entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Consolidated Entity's financial assets at amortised cost includes trade receivables and a loan to an associate.

*Derecognition*
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Consolidated Entity's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Consolidated Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    a) the Consolidated Entity has transferred substantially all the risks and rewards of the asset, or
    b) the Consolidated Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Consolidated Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Consolidated Entity continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Consolidated Entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Consolidated Entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Consolidated Entity could be required to repay.

## Note 2. Significant accounting policies (continued)

### Financial assets (continued)

*Impairment of financial assets*
Further disclosures relating to impairment of financial assets are provided in Note 3.

The Consolidated Entity recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Consolidated Entity expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Consolidated Entity applies a simplified approach in calculating the ECLs. Therefore, the Consolidated Entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Consolidated Entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Consolidated Entity considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Consolidated Entity may also consider a financial asset to be in default when internal or external information indicates that the Consolidated Entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Consolidated Entity. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial liabilities

*Initial recognition and measurement*
Financial liabilities are classified, at the initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable costs.

The Consolidated Entity's financial liabilities include trade and other payables, loans and borrowing.

*Subsequent measurement*
The measurement of financial liabilities depends on their classification, as described below for the material classifications:

*Financial liabilities at fair value through profit or loss*
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

## Note 2. Significant accounting policies (continued)

### Financial liabilities (continued)

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Consolidated Entity has not designated any financial liability as at fair value through profit or loss.

*Derecognition*
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the amount is recognised in the statement of profit or loss.

### Inventories

Inventories of the Consolidated Entity represent work in progress or finished goods for the property developments. Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis, or
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

### Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in profit or loss on an accruals basis.

### Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Where the Fund's units are classified as liabilities, distributions attributable to unitholders are recognised in profit or loss as finance costs.

### Distribution and taxation

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the Consolidated Entity is not subject to capital gains tax.

## Note 2. Significant accounting policies (continued)

### Units issued, applications and redemptions

All redeemable units issued by the Fund provide the investors with the right to redemption for cash and give rise to a financial liability. In accordance with the Product Disclosure Statement the Fund is contractually obliged to redeem units at the redemption price, however redemption is subject to the availability of surplus liquidity and at the approval of the Responsible Entity.

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

### Goods and Services Tax ('GST') and other similar taxes

Management fees, custody fees and other expenses are recognised net of the amount of Goods and Services Tax (GST) recoverable from the Australian Taxation Office (ATO). Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows are included in the statement of cash flow on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

## Note 2. Significant accounting policies (continued)

### Investments and other financial assets (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the fund has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at amortised cost*
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

*Financial assets at fair value through profit or loss*
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Impairment of financial assets*
The fund recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the fund's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the fund prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Financial guarantee contracts

Financial guarantee contracts are initially recognised as a liability and are measured at fair value at the time the guarantee is issued. Fair value is determined as the present value of the difference in net cash flows between the contractual payments with and without the guarantee, or the estimated amount payable to a third party for assuming the obligation.

The liability is subsequently measured at the higher of: (i) the amount required to settle the obligation, based on probability of default and the exposure by guarantor discounted to present value, where the time value of money is material or (ii) the amount initially recognised less any cumulative amortisation.

## Note 2. Significant accounting policies (continued)

### Financial guarantee contracts (continued)

Guarantees issued for no consideration on behalf of subsidiaries or associates are accounted for as contributions at fair value and recognised as part of the cost of the investment.

### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. Any interest on these preference shares are capitalized and is recognised as part of the cost.

### Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.
Other borrowing costs are expensed in the period in which they are incurred.

### Provisions

Provisions are recognised when the fund has a present (legal or constructive) obligation as a result of a past event, it is probable the fund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Net assets attributable to unitholders

The funds units are puttable financial instruments that have been classified as equity, as they have the all of the following features:
- entitle the holder to a pro-rata share of the fund's net assets in the event of the fund's liquidation;
- are in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- do not include any contractual obligation to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the fund, and it is not a contract settled in the fund's own equity instruments; and
- the total expected cash flows attributable to the units over the life are based substantially on the profit or loss.

The units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the responsible entity if it is in the best interests of the unitholders.

The units can be put back to the fund at any time for cash, based on the redemption price, which is equal to a proportionate share of the fund's net asset value attributable to the unitholders.

## Note 2. Significant accounting policies (continued)

### Net assets attributable to unitholders – liability

Quantitative information about the Consolidated Entity's net assets attributable to unitholders is provided in the Statement of Changes in Net Assets Attributable to Unitholders. The Consolidated Entity manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

Investors within the Consolidated Entity are issued classes of units which correspond with the particular development the investors are investing in. Classes of units are issued with a fixed term and no withdrawal rights. Prior to the expiry of a class of units, properties corresponding to that class of units must be sold and net proceeds distributed to investors. Investors in a class of units will have a proportional beneficial interest in the property corresponding to that class of units. Investors will not have a beneficial interest in a property corresponding to another class of units.

### Applications and redemptions

Applications received for units in the fund are recorded net of any entry fees payable prior to the issue of units in the fund. Redemptions from the fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

### Distributions

Distributions are recognised when declared during the financial year and no longer at the discretion of the fund.

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the fund, on or before the end of the financial year but not distributed at the reporting date.

## Note 3. Critical accounting judgements, estimates and restatement of comparative figures

### Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, income and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*(a) Provision for impairment of inventories*

The provision for impairment of inventories assessment required a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the estimated costs to complete and other factors that affect net realisable value. The directors of the Responsible Entity have assessed that as at 30 June 2024 certain inventory write downs were required for specific developments where estimated total construction costs exceed the estimated net realisable value. Refer to Note 8 for further details.

*(b) Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

## Note 3. Critical accounting judgements, estimates (continued)

*(c) Income tax*
Under the current tax legislation, the fund is not subject to income tax provided it attributes the entirety of its taxable income, including realised capital gains, to its unitholders.

*(d) Valuation of Investment Property*
The valuation of Investment Property is subject to significant assumptions and judgements. In arriving at the valuation management and the Board considered; the occupancy, sales of comparable properties; as well as economic factors including investment returns and the application of inflation and discount rates.

## Note 4. Revenue and other income

### Revenue and rental income

*Disaggregation of revenue*
The disaggregation of revenue from contracts with customers is as follows:

| | Consolidated | |
|---|---|---|
| | **30 June 2024** | **30 June 2023** |
| | **$** | **$** |
| **Types of goods or service** | | |
| Property Sales | 22,385,777 | 2,975,702 |
| Rental Income | 30,783 | 367,289 |
| Total revenue and rental income | 22,416,560 | 3,342,991 |

Revenue recognised in SMSF relate to the sale of properties/lots for each of the sub-trust held by SMSF Property Fund. During the financial year, there are a total of 108 lots sold broken down as follows:

- Bryna sold 29 lots
- Glenvale sold 69 lots
- Chermside sold 8 units
- Livingstone sold 2 units

Included in the revenue amount is the rental income from the investment property held by Livingstone and Chermside. Refer to Note 9 for more details.

## Note 5. Cash and Cash equivalents

| | 2024 | 2023 |
|---|---|---|
| | $ | $ |
| Cash held with banks | 3,509,613 | 490,447 |

*Reconciliation to cash and cash equivalents at the end of the financial year*
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

| | | |
|---|---|---|
| Balance as above | 3,509,613 | 490,447 |
| Balance as per statement of cashflows | 3,509,613 | 490,447 |

**SMSF PROPERTY FUND AND ITS CONTROLLED ENTITIES**
**ARSN 159 753 474**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2024**

## Note 6. Loans and Other receivables

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| GST receivables | 246,199 | 155,670 |
| Other receivables | - | 1,408 |
| | 246,199 | 157,078 |

Included within other receivables are amounts due from related parties. Refer to Note 19 for further details.

## Note 7. Other Assets

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Bonds | 1,050,526 | 1,177,526 |
| Prepayment | - | 629,337 |
| | 1,050,526 | 1,806,863 |

## Note 8. Inventories

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Work in progress | 32,705,303 | 47,464,791 |
| | 32,705,303 | 47,464,791 |

Reconciliation of the movement since the beginning of the previous financial year:

| | | |
|---|---|---|
| Opening balance | 47,464,791 | 58,142,690 |
| Additions | 7,346,882 | 5,922,378 |
| Capitalisation of interest | 4,850,630 | 5,610,128 |
| Disposals through sales | (20,381,764) | (4,129,081) |
| Provision for impairment | (6,575,236) | (18,081,324) |
| Closing balance | 32,705,303 | 47,464,791 |

| | Acquisition date | Opening Balance<br>$ | Capitalised Costs<br>$ | Disposal<br>$ | Impairment Provision<br>$ | Book value 30 June<br>$ |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Bryna | 16-Jul-15 | 9,339,762 | 4,186,262 | (9,436,609) | (1,487,169) | 2,602,246 |
| Glenvale | 2-Feb-18 | 38,125,029 | 8,011,250 | (10,945,155) | (5,628,674) | 30,103,057 |
| | | 47,464,791 | 12,197,512 | (20,381,764) | (7,115,843) | 32,705,303 |

**SMSF PROPERTY FUND AND ITS CONTROLLED ENTITIES**
**ARSN 159 753 474**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2024**

**Note 8. Inventories (cont'd)**

| | | | | | | |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Burrell | 6-Feb-15 | 1,877,101 | 64,984 | (1,942,085) | - | - |
| Rosedene | 27-Apr-15 | 826,977 | (49,944) | (777,033) | - | - |
| Bryna | 16-Jul-15 | 14,491,410 | 2,728,958 | (966,623) | (6,913,983) | 9,339,762 |
| Fernvale | 23-Jun-17 | 261,787 | 181,553 | (443,340) | - | - |
| Glenvale | 2-Feb-18 | 40,685,415 | 8,606,955 | - | (11,167,341) | 38,125,029 |
| | | 58,142,690 | 11,532,506 | 4,129,081 | (18,081,324) | 47,464,791 |

*Title*
All titles held are freehold.

*Work in progress*
Work in progress relates to two (2023: two) developments in Queensland being undertaken by the Consolidated Entity. Some of these developments have entered into fixed price agreements as at 30 June 2024 and under these agreements the Consolidated Entity has commitments of $6,679,448 (2023: $7,382,125) for the completion of construction under the fixed price contracts. The only contractual commitments related to Glenvale Devine Developments Pty Ltd's pump station and construction works.

*Impairment*
Impairment of $6,575,236 (2023: $18,081,324) has been recorded to record inventories at their net realisable value.

The impairment for each work in progress development is based on the as if complete valuation and underlying sales value, as observed from previous sales and not the current state of work in progress. As a result of this, it has been determined that there is an increased uncertainty that the inventory balance is reflective of the value of the work in progress inventory balance at their stage of construction.

*Property value risk*
The majority of the Consolidated Entity's assets are inventories which represent residential development properties. As a result, the Consolidated Entity is subject to property value risk from fluctuations in the prevailing levels of market property values. Changes in property values could have an effect on the net realisable value of the developments which would in turn impact the underlying value of the unitholder's funds.

*Economic Dependency*
All of the Consolidated Entity's projects are being developed by VentureCrowd Property Australia Pty Ltd. Should these entities be unable to complete the projects under the existing contracts, this may result in a significant negative economic impact on the projects and their recoverability. Refer to Note 19 for further details.

*Debt security and ranking*

The Glenvale Devine Road Development, and Bryna Parade Development have been mortgaged under an external, third-party loan. Refer to Note 11 for further details.

Various subsidiaries of the Consolidated Entity have issued preference shares to assist with funding of the various projects. These preference shares have priority repayment over ordinary unitholder in the various classes of units of the Consolidated Entity.

## Note 9. Investment Property

| | Consolidated | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Investment Properties at fair value | - | 4,743,174 |

Set out below, is a reconciliation of the movement in investment properties for the financial year ended 30 June 2024 and the financial year ended 30 June 2023:

| | | |
|---|---|---|
| Opening balance | 4,743,174 | 6,864,972 |
| Property sold | (4,743,174) | (2,120,000) |
| Closing balance | - | 4,743,174 |

The Consolidated Entity's investment properties consist of the properties held by Livingstone and Chermside (two residential properties for Livingstone and eight residential properties for Chermside). Management determined that the investment properties consist of one classes of assets – residential – based on the nature, characteristics and risks of each property.

*Property value risk*
The majority of the Consolidated Entity's assets are inventories which represent residential development properties. As a result, the Consolidated Entity is subject to property value risk from fluctuations in the prevailing levels of market property values. Changes in property values could have an effect on the net realisable value of the developments which would in turn impact the underlying value of the unitholder's funds.

A reconciliation of the amounts recognised in profit or loss for the investment properties for the financial year ended 30 June 2024 and the financial year ended 30 June 2023 are as follows:

| | Consolidated | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Rental income derived from investment properties | 30,783 | 367,289 |
| Direct operating expenses generating rental income | (14,355) | (47,580) |
| Direct operating expenses that did not generate rental income | (14,802) | (118,527) |
| Profit/ (loss) arising from investment properties carried at fair value | 1,626 | 201,182 |

The Consolidated Entity has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

*Livingstone Street Residence Development Pty Ltd*

On 28th August 2018, the unitholders of the Livingstone Street Residence Class of Units resolved to extend the term of the Class of Units for five years to enable the sub-fund to hold the underlying developed townhouses for rental returns and capital appreciation. As a result, the finished goods inventory was transferred to investment properties on this date. Livingstone Street Residences Development Pty Ltd has issued preference shares to assist with funding of the construction of this property. These preference shares have priority repayment over ordinary unitholder in the corresponding classes of units of the Consolidated Entity. The property has been mortgaged under a third-party external loan. Refer to Note 11 for further details.

### Note 9. Investment Property (cont'd)

*Chermside Residences Development Pty Ltd*

In May 2020, the unitholders of the Chermside Residences Development Pty Ltd resolved to consider the property as a build and hold for five years to enable the sub-fund to hold the underlying developed townhouses for rental returns and capital appreciation. As a result, the finished goods inventory was transferred to investment properties on this date and started the rental of the property in July 2021.

### Note 10. Payables

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$** | **$** |
| Trade payables and accruals | 3,645,591 | 3,151,244 |
| GST payable | - | 124,190 |
| | 3,645,591 | 3,275,434 |

### Note 11. Loans

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$** | **$** |
| Bank loan | - | 2,411,095 |
| External loans | 26,119,011 | 33,280,132 |
| Loans from related parties | 109,997 | 79,997 |
| | 26,229,008 | 35,771,224 |

*Bank Loan*
Bank loan relates to an interest-bearing loan at 5.56% p.a (2023: 5.56%), matured on 29 April 2024 for Chermside Residences Development Pty Limited property.

*External Loans*
Loans payable includes loans with external financier, as detailed below:

- The Glenvale Devine Road Development's loan is from two different lenders:
  - First Mortgage Fund loan amounting to $18,307,243 (2023: $18,307,243) is interest bearing at 12% p.a. Glenvale since updated the term to be 18 months from the issue of Units to the settlement of the 75th lot. The purpose of the funding is to fund cost to complete the remaining stages of construction and to fund the commencement of the sales and marketing campaign.
  - Mortgage Linked Loan amounting to $6,205,615 (2023: $6,915,615) which was obtained in February 2023 is interest bearing at 17% fixed paid in monthly in arrears and in a 12-month term loan. During the year, the repayment of the loan has been extended beyond the original maturity date.
- The Livingstone Street Residence Development's loan amounting to $nil (2023: $311,899) is interest bearing at 1.435% p.a and has a two-year term due on 14 March 2024. During the year, Livingstone sold the remaining two lots and have repaid the loans resulting in the decrease.
- The Bryna Parade Development loan amount of $1,746,153 (2023: $6,366,580) is from the loan from Lambert Capital due 12 months from the first advance made and a mortgage linked loan. During the year, Bryna sold lots from stages 1 to 4 and repaid the majority of the loans.

*Loans from related parties*
Loans payable also include $109,997 (2023: $79,997) of loans from a related party which is interest free and unsecured as outlined in Note 19.

## Note 12. Preference Shares

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$** | **$** |
| Preference shares issued | 7,637,042 | 13,020,907 |

Cumulative preference shares have been issued to related parties from various development special purpose vehicles within the Consolidated Entity. The preference shares are interest bearing at 12% per annum, are redeemable 12 months from the date of issue and have priority repayment over investor units. On 11 May 2020, the directors of the Responsible Entity resolved to reduce the interest on the Development Income Fund preference shares to 6% for Glenvale. As at 30 June 2024, various preference shares issued were redeemed due to completed sale of the properties. Refer to Note 21 for further information.

*Reconciliation:*
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

| | | |
|---|---|---|
| Opening value | 13,020,907 | 33,963,107 |
| Issued during the year | - | 620,000 |
| Redeemed during the year | (2,245,553) | (7,510,887) |
| Fair value gain on financial liability | (3,138,312) | (14,051,313) |
| Closing balance | 7,637,042 | 13,020,907 |

## Note 13. Fair value measurement

| | Date of valuation | Total | Quoted prices in active market (level 1) | Significant observable inputs (level 2) | Significant unobservable inputs (level 3) |
|---|---|---|---|---|---|
| **Investment properties** | | | | | |
| 30 June 2024 | | | | | |
| Livingstone | 10-Mar-21 | - | - | - | - |
| Chermside | 16-Apr-21 | - | - | - | - |
| 30 June 2023 | | | | | |
| Livingstone | 10-Mar-21 | 1,480,000 | - | 1,480,000 | - |
| Chermside | 16-Apr-21 | 3,263,174 | - | 3,263,174 | - |

There were no transfers between Level 1 and 2 during the financial year ended 30 June 2024 and 2023.

The remaining units in Livingstone and Chermside, two (2) and eight (8) respectively, were sold during the year. As at 30 June 2023, the fair values in Livingstone and Chermside for $3,263,174 and $1,480,000 respectively, were based on an independent valuation performed on 10 March 2021 for Livingstone and on 16 April 2021 for Chermside.

## Note 14. Financial Instruments

The Consolidated Entity's assets principally consist of inventories, investment property and cash investments. It holds these assets at the discretion of the Responsible Entity and Investment Committee in accordance with the Fund's constitution and Product Disclosure Statement.

The allocation of assets between the various types of assets described above is determined by the Fund's Manager and Investment Committee who manage the Consolidated Entity's portfolio of assets to achieve the Consolidated Entity's investment objectives.

The Consolidated Entity's investing activities expose it to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

The nature and extent of the financial instruments employed by the Consolidated Entity are discussed below. This note presents information about the Consolidated Entity's exposure to each of the above risks, the Consolidated Entity's objectives, policies and processes for measuring and managing risks.

The Board of Directors of the Responsible Entity and Investment Committee has overall responsibility for the establishment and oversight of the Consolidated Entity's risk management framework.

The Board and Investment Committee is responsible for developing and monitoring the Consolidated Entity's risk management policies, including those related to its investment activities. The Consolidated Entity's risk management policies are established to identify and analyse the risks faced by the Consolidated Entity, including those risks managed by the Responsible Entity and Investment Committee, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Entity's activities.

The Board and Investment Committee monitors compliance with the Consolidated Entity's risk management strategies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Entity.

### Market risk

Market risk is the risk that changes in market prices, such as interest rates and property values will affect the Consolidated Entity's income. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk is managed by the Board of Directors and Investment Committee.

*Interest rate risk*
A significant portion of the Consolidated Entity's financial assets and financial liabilities are interest-bearing. Interest-bearing financial assets and financial liabilities have variable interest rates and/or mature in the short-term. As a result, the Consolidated Entity is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash is invested in an interest-bearing deposit account with an Australian regulated banking institution.

*Interest rate sensitivity*
The Consolidated Entity's interest rate risk is monitored on a monthly basis by the Board of Directors and Investment Committee.

**Note 14. Financial Instruments (cont'd)**

*Interest rate profile*
The interest rate profile of the Consolidated Entity's interest-bearing financial instruments was:

**Fixed and variable rate instruments**

| | | 2024 | 2023 |
|---|---|---|---|
| | | $ | $ |
| Cash | 5 | 3,509,613 | 490,447 |
| Loans | 11 | (26,229,008) | (35,771,224) |
| Preference shares | 12 | (7,637,042) | (13,020,907) |
| | | (30,356,437) | (48,301,684) |

An increase or decrease of 100 basis points in interest rates as at the reporting date would have an insignificant effect on the net assets attributable to unitholders and operating results.

The Consolidated Entity has issued preference shares which pay fixed interest of 12% per annum to the debt holders. On 11 May 2020, the Directors of the Responsible Entity resolved to reduce the interest on the Development Income Fund preference shares to 6% for Glenvale. Refer to note 12 for further details.

**Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Consolidated Entity. The Responsible Entity and Investment Committee manage the exposure to credit risk on an ongoing basis.

The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

| | | 2024 | 2023 |
|---|---|---|---|
| | | $ | $ |
| Cash and cash equivalents | 5 | 3,509,613 | 490,447 |
| Other receivables | 6 | 246,199 | 157,078 |
| Other assets | 7 | 1,050,526 | 1,177,526 |
| | | 4,806,338 | 1,825,051 |

All of the cash held by the Consolidated Entity is held by Australian regulated banks.

**Liquidity risk**

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity's liquidity risk is managed on a monthly basis by the Board of Directors and Investment Committee in accordance with the policies and procedures in place.

Investors are not eligible to redeem their units in the Consolidated Entity prior to the expiration of their relevant investment term as outlined in the Product Disclosure Statements. In the event that the underlying properties for each development are not sold prior to the expiration of the term, the term of the investment is automatically extended by the Consolidated Entity.

**Note 14. Financial Instruments (cont'd)**

The following are the contractual maturities of financial liabilities, excluding interest payments and excluding the impact of netting agreements:

| Consolidated | Carrying value | Contractual cash flows | 0-6 months | 6-12 month | 1-2 years | More than 2 years |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Trade payables | 3,665,165 | 3,665,165 | 3,665,165 | - | - | - |
| Loans | 26,229,008 | 26,229,008 | 1,844,150 | 6,217,615 | 18,16,243 | - |
| Pref shares* | 7,637,042 | 7,637,042 | - | - | - | 7,637,042 |
| | 37,531,215 | 37,531,215 | 5,509,315 | 6,217,615 | 18,16,243 | 7,637,042 |
| **2023** | | | | | | |
| Trade payables | 3,151,244 | 3,151,244 | 3,151,244 | - | - | - |
| Loans | 35,771,224 | 35,771,224 | 7,849,722 | 9,638,609 | 18,307,243 | - |
| Pref shares* | 13,020,907 | 13,020,907 | 2,968,693 | 1,763,440 | 2,126,913 | 4,731,458 |
| | 51,943,375 | 51,943,375 | 13,969,659 | 11,402,049 | 20,434,156 | 4,731,458 |

* The preference shares have a Redemption Date of 12 months from the date of issue or upon sale of the assets by the issuer, whichever occurs earlier. Should the issuers project remain incomplete, unsold or otherwise unable to generate sufficient funds to redeem the Preference Shares at the Redemption Date, then the issuer will have right to automatically extend the term until sufficient profits are achieved in order for them to redeem the Preference Shares. Preference shares from related parties is dependent on the related parties ability to raise external funding.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Consolidated Entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Consolidated Entity's operations.

The objective of the Responsible Entity and Investment Committee is to manage operational risk so as to balance the avoidance of financial losses and damage to the Consolidated Entity's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Responsible Entity and Investment Committee. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

## Note 15. Key Management Personnel Disclosures

The directors of Guardian Securities Limited are considered to be Key Management Personnel of the Consolidated Entity. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Steven Maarbani
David Whitting
Darren Tasker (appointed 17 November 2023)

*Compensation*
No amount is paid by the Consolidated Entity directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 “Related Party Disclosures” is paid by the Consolidated Entity to the Directors as Key Management Personnel.

Guardian Securities Limited provides management services to the Fund. Transactions between the Fund and the Responsible Entity result from normal dealings with that company as the Fund's Responsible Entity. Guardian Securities Limited is an Australian Financial Services License holder.

Guardian Securities Limited receives all management fees that have been paid by the Consolidated Entity during the year. The Consolidated Entity paid the following fees to the Responsible Entity during the financial year:

| *Compensation* | **2024** | **2023** |
|---|---|---|
| | **$** | **$** |
| Management fees paid and payable to Guardian Securities Limited | 141,795 | 182,296 |

*Other*
The Consolidated Entity has not made, guaranteed or secured, either directly or indirectly, any loans to the Directors and Key Management personnel of the Responsible Entity, or their personally related entities, at any time during the financial year.

No Directors and Key Management Personnel of the Responsible Entity, or their personally related entities, have entered into a material contract with the Consolidated Entity.

## Note 16. Auditor’s remuneration

During the financial year the following fees were paid or payable for services provided by RSM Australia the auditor of the Fund, its network firms and unrelated firms:

| | **Consolidated** | |
|---|---|---|
| *RSM Australia* | | |
| Audit and review of the financial statements | 83,300 | 79,000 |
| Other services | 10,000 | 12,600 |

## Note 17. Contingent Liabilities

The Consolidated Entity did not have any contingent liabilities as at 30 June 2024 (30 June 2023: $Nil).

## Note 18. Commitments

The Consolidated Entity has commitments of $6,679,448 (2023: $7,382,125) for the completion of construction under the fixed price contracts entered into by various developments. Included within the commitments is $6,679,448 (2023: $7,382,125) of commitments relating to Glenvale Devine Developments Pty Ltd,’s construction contract. Refer to Note 11 for further details.

## Note 19. Related Parties

**Parent entity**
SMSF Property Fund is the parent entity.

**Subsidiaries**
Interests in subsidiaries are set out in Note 21.

**Key management personnel**
Disclosure relating to key management personnel are set out in Note 19.

**Transactions with related parties**

| | 2024 | 2023 |
|---|---|---|
| | $ | $ |
| Finance and interest costs paid on preference shares | 1,415,977 | 2,219,071 |

Finance and interest costs have been paid to The Guardian Investment Fund which is a registered scheme of which Guardian Securities Limited also acts as Responsible Entity. The costs are in relation to the preference shares issued which are outlined below.

Apart from the other transactions disclosed below and those disclosed above, there are no transactions with related parties during the financial year ended 30 June 2024 (2023: $nil).

***Receivables from and payables to related parties***

| | Consolidated | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Loan payable to Guardian Securities Limited | 97,997 | 77,997 |
| Trade payables to Guardian Securities Limited | 290,501 | 152,734 |

Loans payable to Guardian Securities Limited, the Responsible Entity, are unsecured, interest free and at call.

Apart from the other transactions disclosed below, there are no receivables from or payables from related parties as at 30 June 2024 (2023: $nil).

***Related party investments held by the Consolidated Entity***
The Consolidated Entity has no investment in related parties as at 30 June 2024 (2023: $nil).

***Related party investments***

| | 2024 | 2023 |
|---|---|---|
| | $ | $ |
| Preference shares | 7,637,042 | 13,590,027 |

As at 30 June 2024, no preference shares have been subscribed. As at 30 June 2024, preference shares have been subscribed for by The Guardian Investment Fund which is a registered scheme of which Guardian Securities Limited also acts as the Responsible Entity.

Apart from the other transactions disclosed below, no related parties have investments in the Consolidated Entity as at 30 June 2024 (2023: $nil).

## Note 19. Related Parties (cont'd)

### *Other related party transactions*

The Consolidated Entity is dependent upon the ongoing successful operation of VentureCrowd Property Australia Pty Ltd ("the property development manager"), VentureCrowd Property Capital Pty Ltd ("the authorised representatives"), VentureCrowd Asset Sales Pty Ltd ('the sales agent") and Integrated Civil Pty Ltd ("the civil works company"). These entities facilitate the development, construction and capital raising of the Consolidated Entity's developments.

Given the relationship between the Consolidated Entity and these parties, they are considered to be related parties and as a result the following transactions have occurred between the Consolidated Entity and these related parties during the financial year:

*Property development manager transactions*
The following fees were paid by the Consolidated Entity to the property development manager during the financial year:

| | Consolidated | |
|---|---|---|
| | 2024<br>$ | 2023<br>$ |
| Property Development fees paid and payable to VentureCrowd Property Australia Pty Ltd | - | 181,818 |

*Marketing and promotion transactions*
The following fees were paid by the Consolidated Entity to the sales agent during the financial year:

| | | |
|---|---|---|
| Marketing and promotional fees paid and payable to VentureCrowd Property Sales Pty Ltd | - | - |
| Marketing and promotional fees paid and payable to VentureCrowd Property Capital Pty Ltd | - | - |

*Investing activities*
Employees and associates of the property development manager and authorised representative have invested the following amounts into the Consolidated Entity at year end:

| | | |
|---|---|---|
| Investments into the fund | 1,777,000 | 1,777,000 |

## Note 20. Parent Entity Information

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by regulation 2M.3.01 which requires the following limited disclosure in regard to the parent entity, SMSF Property Fund. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 2.

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Total assets | 400,219 | 1,286,667 |
| Total liabilities | (616,099) | (403,343) |
| Net assets (liability) attributable to investors | (215,880) | 883,324 |
| | | |
| Total comprehensive income/(loss) | 295,795 | (5,879,929) |
| Change in net assets attributable to investors | 295,795 | (5,879,929) |

## Note 20. Parent Entity Information (cont'd)

During the year, SMSF Property Fund, as the parent entity, recognised impairment expense of $nil from its Investments in the Sub-funds. As the parent entity holds ordinary shares from these Investments, any decrease in the value of the properties are first applied to ordinary shares.

A summary of all the Investments and Impairment are summarized below:

| | Investment balance before impairment | Cumulative impairment (Opening) | Impairment/Reversal of impairment for FY24 | Investment balance |
|---|---|---|---|---|
| Investment in Bryna Parade | 4,440,000 | (4,440,000) | - | - |
| Investment in Burrell Ave | 1,800,000 | (1,800,000) | - | - |
| Investment in Chermside | 2,440,000 | (2,440,000) | - | - |
| Investment in Fernvale | 2,740,000 | (2,740,000) | - | - |
| Investment in Glenvale | 7,080,000 | (7,080,000) | - | - |
| Investment in Rosedene | 3,500,000 | (3,500,000) | - | - |
| Investment Livingstone Street | 2,460,000 | (2,460,000) | - | - |
| | 24,460,000 | (24,460,000) | - | - |

*Guarantees*
No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

*Contractual commitments*
The parent entity has no contractual commitments as at 30 June 2024 and 30 June 2023.

*Contingent liabilities*
The parent entity has no contingent liabilities as at 30 June 2024 and 30 June 2023.

*Significant accounting policies*
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 21. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2.

| | | Holding | |
|---|---|---|---|
| **Name of Entity** | **Country** | **2024** | **2023** |
| Livingstone Street Residences Development Pty Limited | Australia | 100% | 100% |
| Burrell Avenue Development Pty Limited* | Australia | - | 100% |
| Rosedene Street Residence Development Pty Limited* | Australia | - | 100% |
| Bryna Parade Residences Development Pty Limited | Australia | 100% | 100% |
| Chermside Residences Development Pty Limited | Australia | 100% | 100% |
| Fernvale Development Pty Limited* | Australia | - | 100% |
| Glenvale Devine Road Developments Pty Limited | Australia | 100% | 100% |

**Entities have been closed in financial year 2023*

## Note 22. Reconciliation of cash flows from operating activities

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$** | **$** |
| Profit/(Loss) from operating activities after tax and distributions | (2,457,091) | (7,962,167) |
| Fair value gain on financial liabilities | (3,138,312) | (14,051,313) |
| Impairment on inventories | 6,575,236 | 18,993,331 |
| *Movements in working capital:* | | |
| (Decrease)/increase in accounts payable | 370,157 | 795,364 |
| Decrease/(Increase) in inventories, net of impairment | 8,184,252 | (8,313,724) |
| Decrease/(increase) in receivables and other assets | 667,216 | (701,515) |
| Increase/(decrease) in Investment property | (1,167,826) | - |
| Cash flows used in operating activities | 9,033,632 | (11,240,024) |

## Note 23. Events Subsequent to Reporting date

No other matters or circumstances have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

## DIRECTORS' DECLARATION
## FOR THE YEAR ENDED 30 JUNE 2024

In the opinion of the directors of the responsible entity:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the fund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the fund will be able to pay its debts as and when they become due and payable.
- the information disclosed in the attached consolidated entity statement is true and correct.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

DocuSigned by:
Steven Maarbani
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Steven Maarbani
Director

31 October 2024
Sydney

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