



FIRST TRUST LAND FUND

ARSN 653 537 930

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023

FIRST TRUST LAND FUND
ARSN 653 537 930
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The Directors of the Responsible Entity, Vasco Responsible Entity Services Limited, present their report on the First Trust Land Fund ('the Fund') for the year from 1 July 2022 to 30 June 2023. In order to comply with the provisions of the *Corporations Act 2001* the Directors report as follows:

1. Directors

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

Craig Mathew Dunstan
Jonathan William Martin
Reginald Albert Bancroft

2. Principal Activities

The Fund invests in ownership of special purpose vehicles (SPVs) set up for specific property development projects (each a Project). The Projects are land subdivisions, house and land, medium density developments including townhouses, mixed use and apartments, and value add real estate opportunities.

The investment strategy is to identify and secure property development opportunities that provide investors with a value-add opportunity through acquisition to development completion. This will include off-market properties and targeted site identification, comprehensive due diligence, financial feasibility, attentive and prudent development management and a strong exit strategy through an integrated sales and marketing approach.

3. Operating Results

The total comprehensive income (loss) of the Fund for the financial year ending 30 June 2023 was (\$1,695,554) (2022: (\$107,735)).

4. Review of Operations

The Fund is an open-ended unlisted registered managed investment scheme structured as a unit trust established pursuant to the Constitution dated 18 March 2021 (as amended from time to time) and is governed by Australian law.

The Fund has been established to invest in residential and mixed-use properties and related Projects in Australia selected by the Investment Manager.

The Fund has issued 7,647,629 units (2022: 5,251,672) and the Investment Manager will invest in equity securities in a SPV company which is a related party of the Investment Manager. The funds will then be used to progress property development projects.

There were 2,395,957 (2022: 5,251,672) units issued during the financial year.

As at 30 June the Fund's investments comprised the following:

SPV Investment	2023	2022
	\$	\$
Shares in Samsonvale Joyner Pty Ltd	3,503,339	4,172,393
Shares in Grace 8 Street Pty Ltd	2,152,619	-
Total	5,655,958	4,172,393

FIRST TRUST LAND FUND
ARSN 653 537 930
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2023

4. Review of Operations (continued)

Samsonvale Joyner:

Samsonvale Joyner Project was specifically identified for the Fund and is located within the Moreton Bay Region. The Joyner project comprises three adjoining sites being 376, 378 and 380 Samsonvale Road, Joyner and is described as Lots 11, 12 and 13 on RP 87599 with a total area of approximately 2.88Ha.

As at 30th June 2022 the purchase of 380 Samsonvale Road, Joyner (Lots 13) was settled and the remaining lots settled in this financial year.

In June 2023, Samsonvale Joyner Project had taken a related party loan of \$60,000 to meet liquidity needs.

8 Grace Street:

A development at 8 Grace Street, Camberwell, Victoria was settled in August 2022. The development is now owned by a recently established SPV (Grace 8 Pty Ltd). A development proposal has been sought for two executive town residences to be developed. The Fund contributed \$2,721,320 (2022: \$nil) towards the purchase price, by investing in equity to that value in the SPV. The \$2,721,320 was financed by new investor funds in July and August and the remainder was financed from existing sources.

As part of the financial year end process, the properties underpinning the net asset value of both Samsonvale Joyner Pty Ltd and Grace 8 Street Pty Ltd were externally valued. The net asset value of each SPV reflects the recoverable value of the underlying assets and liabilities in each SPV and the movement in the net asset values has been recorded as a fair value loss on investments

5. Review of Performance

Unit Price 30 June 2023	Unit Price 30 June 2022	% Change
0.74	0.97	-23.71%

6. Unit Redemption Prices

The availability and timing of redemptions is subject to the terms of the Fund's Constitution.

7. Distributions Paid or Recommended

Distributions are intended to be made to Investors in the Fund at the completion of each property development.

Both SPV's, Samsonvale Joyner and 8 Grace St are classified as non-current assets.

8. Applications Held

As at 30th June 2023, there were no pending incomplete applications.

9. Redemption Arrangements

As detailed in the Fund's Constitution the Responsible Entity is not under any obligation to buy back purchase or redeem units from unitholders. Given the nature of the Fund's investments, an investment in the Fund should be considered an illiquid investment. Investors have no right to withdraw from the Fund prior to the end of their Minimum Term.

FIRST TRUST LAND FUND
ARSN 653 537 930
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2023

10. Options

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

11. Proceedings on Behalf of the Fund

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

12. Value of Fund Assets

The gross asset value of the Fund at the end of the financial year was \$5,733,239 (2022: \$5,104,753). The net asset value at the end of the financial year was \$5,696,923 (2022: \$5,071,567).

13. Significant Changes in State of Affairs

Apart from those matters referred to in the previous sections of this Report, there have been no other significant changes to the state of affairs of the Fund during the financial year.

14. After Reporting Date Events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years other than as disclosed in this report.

15. Future Developments

There are no other developments to report on which are not otherwise disclosed in this report.

16. Indemnifying Officers or Auditor

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned Directors as well as officers of the Responsible Entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Responsible Entity, other than conduct involving a willful breach of duty in relation to the Responsible Entity.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

FIRST TRUST LAND FUND
ARSN 653 537 930
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2023

17. Fees, Commissions or Other Charges by the Responsible Entity, Investment Manager or Related Parties

As at 30 June 2022, the Responsible Entity is entitled to fees which equals to:

- 0.30% (plus GST) p.a. of the GAV of the Fund's assets up to \$100m, plus;
- 0.20% (plus GST) p.a. of the GAV of the Fund's assets above \$100m and up to and including \$200m, plus;
- 0.10% (plus GST) p.a. of the GAV of the Fund's assets above \$200m.

This fee is paid monthly in arrears and subject to a minimum of \$60,000 (2022: \$60,000) (plus GST) p.a.

The Administration Manager is a related party of the Responsible Entity and is entitled to a fee of \$25,625 (2022: \$5,377). The Administration Manager was only entitled to fees from the last quarter of the previous financial year.

18. Units held by the Responsible Entity, Investment Manager or Related Parties

At 30 June 2023, the Responsible Entity and its related parties held no units in the Fund.

19. Interests in the Fund

The movement of units on issue in the Fund during the year is set out in Note 12 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the Statement of Financial Position and derived using the basis set out in Note 1 to the financial statements.

20. Rounding of Amounts

The Fund is of a kind referred to in the *Australian Securities and Investments Commission's Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*. Consequently, amounts in the financial statements have been rounded to the nearest dollar in accordance with that legislative instrument.

21. Environmental Issues

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

22. Lead auditor's declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on the following page and forms part of the Responsible Entity's report for the year ended 30 June 2023.

Signed in accordance with a resolution of the Board of Directors of Vasco Responsible Entity Services Limited by:



Craig Dunstan

Director

Date: 19 September 2023

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Vasco Responsible Entity Services Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of First Trust Land Fund for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 19 September 2023

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

FIRST TRUST LAND FUND
ARSN 653 537 930
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Revenue and other income			
Bank interest		9,997	-
Total revenue and other income		9,997	-
Expenses			
Responsible entity fees	2	60,000	60,000
Administration fees	2	25,625	5,377
Investment management fees	3	70,426	8,887
Custodian fees	4	19,143	4,704
Audit fees	5	14,365	12,000
Other expenses	6	36,080	14,849
Total expenses		225,639	105,817
Operating (loss) before finance costs attributable to unitholders		(215,642)	(105,817)
Other comprehensive income			
Fair value (loss) on investment asset	12 (b)	(1,479,912)	(1,918)
Total other comprehensive income		(1,479,912)	(1,918)
Total comprehensive income (loss)		(1,695,554)	(107,735)

FIRST TRUST LAND FUND
ARSN 653 537 930
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	7	69,056	924,938
Sundry debtors	8	8,225	7,422
Total current assets		77,281	932,360
Non-current assets			
Investment	9	5,655,958	4,172,393
Total non-current assets		5,655,958	4,172,393
Total assets		5,733,239	5,104,753
Liabilities			
Fees payable	10	33,014	30,169
Other expenses payable	11	3,302	3,017
Total liabilities		36,316	33,186
Net assets		5,696,923	5,071,567
Represented by:			
Issued units	12 (a)	7,500,212	5,179,302
Undistributed (loss) attributable to unitholders	12 (b)	(1,803,289)	(107,735)
Net assets attributable to unitholders		5,696,923	5,071,567

FIRST TRUST LAND FUND
ARSN 653 537 930
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or the end of the financial year.

FIRST TRUST LAND FUND
ARSN 653 537 930
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Bank Interest		9,997	-
Fund expenses		(223,312)	(80,053)
Net cash (used in) operating activities	13	<u>(213,315)</u>	<u>(80,053)</u>
Cash flows from investing activities			
Payments for investment asset	9	(2,963,477)	(4,174,311)
Net cash (used in) investing activities		<u>(2,963,477)</u>	<u>(4,174,311)</u>
Cash flows from financing activities			
Proceeds from units issued		2,320,910	5,179,302
Net cash provided by financing activities		<u>2,320,910</u>	<u>5,179,302</u>
Net (decrease) / increase in cash and cash equivalents		(855,882)	924,938
Cash and cash equivalents at the beginning of year		924,938	-
Cash and cash equivalents at the end of year	7	<u>69,056</u>	<u>924,938</u>

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial report is for the entity First Trust Land Fund ('the Fund') as an individual entity. The Fund is an open-ended unlisted registered managed investment scheme structured as a unit trust established by the Responsible Entity pursuant to the Constitution and is governed by Australian law. The Responsible Entity of the Fund is Vasco Responsible Entity Services Limited.

Basis of Preparation

(a) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial report of the Fund complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

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

The financial statements were approved by the Board of Directors of the Responsible Entity on 19 September 2023.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

Investment assets are measured at fair value.

(c) Going Concern

The financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* which are based on the Fund continuing as a going concern. The going concern basis has been reviewed by the Directors.

The Fund's ability to continue as a going concern is dependent upon First Trust Land Management Pty Ltd, as sponsor, continuing to provide the Fund with adequate cash flow support for the Fund to meet its current and future obligations as and when these falls due, should this be required.

The Directors believe that the Fund will continue as a going concern and consequently will realise assets and settle liabilities and commitments in the ordinary course of business and at the amounts stated in the financial report.

(d) Functional and presentation currency

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

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Use of estimates and judgements

The preparation of financial statements requires the Directors of the Responsible Entity to undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Fair value measurement

When an asset is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset assuming they act in their economic best interests.

The fair value of assets in an inactive or unquoted market are determined by the use of valuation techniques which require significant judgement.

Significant accounting policies

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

(i) Measurement

The Fund's financial assets comprise of investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as held at fair value through other comprehensive income upon initial recognition.

Under this approach, financial assets are measured initially at fair value including any transaction costs that are directly attributable to acquisition.

Subsequent to initial recognition, financial assets are measured at fair value with changes in their fair value recognised in other comprehensive income.

AASB 7 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability

Fair value in an active market

The fair value of financial assets traded in active markets are based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices on the reporting date, while financial liabilities are priced at current offer prices.

Fair value in an inactive or unquoted market

The fair values of financial assets that are not traded in an active market are determined through the valuation policy identified in the Product Disclosure Statement for the Fund.

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Categorisation

The Fund's investments are categorised as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

Issued units

The Fund issues units which have a limited life under the Fund's Constitution and are classified as a liability in accordance with *AASB 132 Financial Instruments: Presentation*.

Where the Fund buys back any of its units from unitholders, the consideration paid, including any directly attributable incremental costs are recognised as a reduction in liability attributable to the Fund's unitholders.

(g) Goods and services tax (GST)

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

(h) Income tax

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

(i) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Fund that remain unpaid at the end of the financial year. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of Goods and Services Tax (GST).

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade Receivables

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the financial year are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

(l) Foreign Exchange

Items included in the financial records are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Australian dollars, which is the presentation currency of the Fund.

(m) Provisions

Provisions are recognised when the Fund has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the financial year.

(n) New accounting standards and interpretations

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

A number of new standards, amendments to standards and interpretations are effective for annual years beginning after 1 January 2023 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2: RESPONSIBLE ENTITY AND ADMINISTRATION FEES

In accordance with the Product Disclosure Statement dated 23 December 2021, Vasco Responsible Entity Services Limited as Responsible Entity is entitled to responsible entity fees which equals to:

- 0.30% (plus GST) p.a. of the gross asset value of the Fund up to \$100m, plus;
- 0.20% (plus GST) p.a. of the gross asset value of the Fund above \$100m and up to and including \$200m, plus;
- 0.10% (plus GST) p.a. of the gross asset value of the Fund above \$200m.

This fee is paid monthly in arrears and subject to a minimum of \$60,000 (2022: \$60,000) (plus GST) p.a.

In accordance with the Administration Agreement, Vasco Fund Services Pty Ltd as Administration Manager is entitled to receive an annual fee of:

- An annual fee of \$20,000 (plus GST) where the Fund has total assets of less than \$20 million and there are less than 50 unitholders of the Fund;
- Annual fee of \$25,625 (2022: \$25,000) (plus GST) where the Fund has greater than \$20 million of assets and less than \$50 million or where there are between 50 and 200 unitholders of the Fund;
- Annual fee of \$35,000 (plus GST) where the Fund has between \$50 million and \$200 million of assets or between 200 and 450 unitholders of the Fund; and
- Annual fee of \$45,000 (plus GST) where assets exceed \$200 million or unitholders of the Fund exceed 450.
- The administration fee is subject to an annual increase of 5% per annum on 1 January each year.

	2023	2022
	\$	\$
Responsible entity fees	60,000	60,000
Administration fees	25,625	5,377
	<u>85,625</u>	<u>65,377</u>

NOTE 3: INVESTMENT MANAGEMENT FEES

The Investment Manager is entitled to an investment management fee of 1.00% (plus GST) per annum of the gross asset value of the Fund, which is calculated and payable to the Investment Manager monthly in arrears from the Fund's assets.

	2023	2022
	\$	\$
Investment management fees	70,426	8,887
	<u>70,426</u>	<u>8,887</u>

NOTE 4: CUSTODIAN FEES

In accordance with the Custodian Agreement the custodian will be entitled to an annual fee of 0.025% of the gross asset value of the Fund subject to a minimum of \$19,143 (2022: \$18,568) (plus GST) calculated and payable quarterly in arrears subject to a CPI increase applied annually on 1 July of each year.

	2023	2022
	\$	\$
Custodian fees	19,143	4,704
	<u>19,143</u>	<u>4,704</u>

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 5: REMUNERATION OF AUDITORS

	2023	2022
	\$	\$
Audit services provided by Grant Thornton Audit Pty Ltd		
Audit of financial report	12,365	10,000
Compliance audit services	2,000	2,000
	14,365	12,000

NOTE 6: OTHER EXPENSES

	2023	2022
	\$	\$
Legal fees	3,035	3,000
Tax return fees	3,395	2,450
Account holding expenses	6,567	1,058
GST expense (non-claimable)	7,352	4,347
Other administration expenses	12,731	3,994
Valuation fees	3,000	-
	36,080	14,849

NOTE 7: CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Commonwealth Bank	69,056	924,938
	69,056	924,938

NOTE 8: SUNDRY DEBTORS

	2023	2022
	\$	\$
Reduced input tax credit receivable	6,750	5,947
Prepayments	1,475	1,475
	8,225	7,422

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9: INVESTMENTS

Samsonvale Joyner

The Fund is holding 4,416,468 (2022: 4,172,393) shares in the Samsonvale Joyner Pty Ltd as at 30 June 2023. Samsonvale Joyner Project was specifically identified for the Fund and is located within the Moreton Bay Region. The Joyner project comprises three adjoining sites being 376, 378 and 380 Samsonvale Road, Joyner and is described as Lots 11, 12 and 13 on RP 87599 with a total area of approximately 2.88Ha.

As at 30th June 2022 the purchase of 380 Samsonvale Road, Joyner (Lots 13) was settled and the remaining lots settled in this financial year.

The Fund contributed \$4,416,468 (2022: \$4,174,311) towards the current value, by investing in equity to that value in the SPV. The \$4,416,468 was financed by new investor funds and the remainder was financed from existing sources. Furthermore, the SPV project has undertaken a loan from a third-party totalling \$1,859,445 and a related party totalling \$60,000. These loans have been taken into account when determining the fair value of the investment held by the Fund.

Grace Street Project:

The Fund is holding 2,721,320 (2022: \$nil) shares in the Grace 8 Pty Ltd as at 30 June 2023. Grace Street Project (which is owned by Grace 8 Pty Ltd) is a development at 8 Grace Street, Camberwell, Victoria which has been settled in August 2022. A development proposal has been sought for two executive town residences to be developed. The Fund contributed \$2,721,320 towards the current value, by investing in equity to that value in the SPV. The \$2,721,320 was financed by new investor funds in July and August and the remainder was financed from existing sources. Furthermore, the SPV project has undertaken a loan from a third-party totalling \$1,950,000. These loans have been taken into account when determining the fair value of the investment held by the Fund.

	2023	2022
	\$	\$
Shares: Samsonvale Joyner Pty Ltd	3,503,339	4,172,393
Shares: Grace 8 Pty Ltd	2,152,619	-
	<u>5,655,958</u>	<u>4,172,393</u>

The Fund's investment in the SPV's (Samsonvale Joyner Pty Ltd and Grace 8 Pty Ltd) is a level 3 asset in the fair value hierarchy. Level 3 fair values utilise inputs that are not based on observable market data.

Valuation inputs for Level 3 investments

The SPV's were established for the purpose of undertaking property development. The fair value of the shares held in both SPV's has been based on the net asset value of the respective SPV.

The net asset value of the SPV's is derived from cash, borrowing costs and the value of property assets minus all related liabilities. The properties held by the SPV are initially measured at cost and are subject to an external valuation to ensure that the cost does not exceed the recoverable value of the properties. The financial accounts are prepared by a third party appointed by the Investment Manager.

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9: INVESTMENTS (continued)

The following table presents the changes in level 3 investments for the year ended 30 June 2023:

Samsonvale Joyner Pty Ltd:

Opening balance 30 June 2022	4,172,393
Additions	242,157
Fair value loss recognised in other comprehensive income	(911,211)
Closing balance 30 June 2023	<u>3,503,339</u>

Grace 8 Pty Ltd:

Opening balance 30 June 2022	-
Additions	2,721,320
Fair value loss recognised in other comprehensive income	(568,701)
Closing balance 30 June 2023	<u>2,152,619</u>

NOTE 10: FEES PAYABLE

	2023	2022
	\$	\$
Investment Manager fees	4,772	8,887
Responsible entity fees	5,000	-
Administration fees	2,187	-
Custodian fees	9,284	4,704
Provision for tax return fees	2,995	2,450
Financial audit fees	5,500	7,000
Compliance audit fees	2,700	5,000
Regulatory recovery fees	576	1,070
Account holding expenses	-	1,058
	<u>33,014</u>	<u>30,169</u>

NOTE 11: OTHER EXPENSES PAYABLE

	2023	2022
	\$	\$
Other accrued fees	3,302	3,017
	<u>3,302</u>	<u>3,017</u>

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 12: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2023	2023	2022	2022
	Units	\$	Units	\$
(a) Issued units				
Opening balance	5,251,672	5,179,302	-	-
Units issued – applications	2,395,957	2,320,910	5,251,672	5,179,302
Closing balance	7,647,629	7,500,212	5,251,672	5,179,302

(b) Undistributed profit/(loss) attributable to unitholders

	2023	2022
	\$	\$
Opening balance	(107,735)	-
Operating (loss) before finance costs attributable to unitholders	(215,642)	(105,817)
Revaluation (loss) – Shares in Samsonvale Joyner Pty Ltd	(911,211)	(1,918)
Revaluation (loss) – Shares in Grace 8 Pty Ltd	(568,701)	-
Closing balance	(1,803,289)	(107,735)

(c) Capital management

The Fund regards total unitholders' interests as capital. The Investment Strategy of the Fund is to identify and secure property development opportunities that provide investors with a value-add opportunity through acquisition to development completion and will include off market properties and targeted site identification, comprehensive due diligence, conservative financial feasibility, attentive and prudent development management and a strong exit strategy through an integrated sales and marketing approach.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments, including unitholder redemptions. The Responsible Entity regularly reviews the performance of the Fund, including asset allocation strategies, investment and risk management.

NOTE 13: CASH FLOW INFORMATION

Reconciliation of cash flows from operating activities with operating (loss) for the year

	2023	2022
	\$	\$
(Loss) for the year	(215,642)	(105,817)
(Increase)/decrease in assets		
Receivables	(803)	(7,422)
Increase/(decrease) in liabilities		
Payables	3,130	33,186
Cash flows (used in) operating activities	(213,315)	(80,053)

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 14: RELATED PARTY TRANSACTIONS

(a) Responsible Entity

The Responsible Entity of the Fund is Vasco Responsible Entity Services Limited.

Fees of \$60,000 (2022: \$60,000) are paid or payable by the Fund to Vasco Responsible Entity Services Limited for its role as Responsible Entity, of which \$3,300 (2022: \$3,300) is claimable as a reduced input tax credit.

(b) Investment Manager

The Investment Manager of the Fund is First Trust Land Management Pty Ltd.

Fees of \$70,426 (2022: \$8,887) are paid or payable by the Fund to First Trust Land Management Pty Ltd for its role as Investment Manager, of which \$5,282 (2022: \$667) is claimable as a reduced input tax credit.

Furthermore, in the month of June 2023 the Investment manager has made a related party loan of \$60,000 with the SPV (Samsonvale) in which they manage.

(c) Administration Manager

The Administration Manager of the Fund is Vasco Fund Services Pty Ltd, a related party of the Responsible Entity.

Fees of \$25,625 (2022: \$5,377) are paid or payable by the Fund to Vasco Fund Services Pty Ltd for its role as Administration Manager, of which \$1,922 (2022: \$403) is claimable as a reduced input tax credit.

(d) Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, Vasco Responsible Entity Services Limited, and an Investment Manager, First Trust Land Management Pty Ltd, to manage the activities of the Fund. The directors of the Responsible Entity and Investment Manager are key management personnel of those corporate entities. No compensation is paid directly by the Fund to directors or to any of the key management personnel of the Responsible Entity or Investment Manager. Payments made by the Fund to the Responsible Entity and Investment Manager do not specifically include any amounts attributable to the compensation of key management personnel.

NOTE 15: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the year.

NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years other than as disclosed in this report.

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 17: FINANCIAL RISK MANAGEMENT

(a) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's investments are not considered to be assets that are readily realisable.

In order to address this risk, the Responsible Entity retains broad discretion to restrict distributions, withdrawals and/or redemptions.

(b) Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Fund. The Fund is exposed to this risk for various financial instruments, for example, placing money at financial institutions or interest revenue that is paid in arrears. The Fund's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date.

The Responsible Entity manages the exposure to credit risk on an ongoing basis. The Fund's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

(c) Market Risk

The Fund is exposed to market risk through its use of financial instruments and specifically to interest rate risk and property value risk, which results from both its operating and investing activities. Market risk is the risk that changes in market prices which will affect the Fund'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 monitored by the Responsible Entity.

(d) Interest Rate Risk

The Fund's interest rate risk is monitored by the Responsible Entity.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

(e) Development and construction risk

The Fund is investing in property development projects which are subject to risks which can affect the returns available to Investors. These risks may include the inability to obtain appropriate or sufficient government planning approval to undertake a successful development of a property; the risk of costs overruns and costs to complete any construction work may be more than forecast and additional capital or finance may need to be sourced.

Additional risks may cover areas such as the completion of buildings under contract could be delayed due to the fault of the developer or other unforeseen events; the development and construction can be subject to external influence over which the Fund has little or no control. There are also risks associated with the potential deterioration of material, labour and general market conditions.

FIRST TRUST LAND FUND
ARSN 653 537 930
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

(f) Disputes and Default risks

In the ordinary course of its operations, the Fund may be involved in disputes and possible litigation with contractors, developers, government authorities, tenants or other service providers. There exists a risk that a material or costly dispute or litigation could affect the amount of expected income of the Fund.

(g) Changing Economic Conditions

A downturn in the economy may affect the value or performance of a property held by the Fund.

(h) Valuation risks

This is the risk that the valuation of the investments contemplated by the Fund are inaccurate at the time of deciding to invest so that the amount realised on exit is less than would have been expected had the valuation been correct. There is also the risk that where a professional valuer is used who provides an inaccurate valuation, that valuer does not have or no longer has adequate professional indemnity insurance to cover the valuation on which the lender relies.

(i) Borrowing risk

Collectively, the Special Purpose Vehicles (SPVs) that the Fund may invest in, may combine money with borrowed money in the Fund and invest the combined amount in a property. This process, known as gearing, magnifies the effect of gains and losses on the investment and is potentially considered more risky than similar investments that are not geared.

If property values fall significantly the SPVs invested in may be unable to meet its loan covenants which may result in the sale of SPV assets.

In addition to the property risks outlined above, changes to interest rates or lender credit margins impact borrowing costs of SPVs invested in and ultimately impact the level of income you receive.

There is also a risk that the SPVs invested may not be able to refinance its borrowings when borrowing facilities mature. If this occurs, the Fund may lose value from the SPVs selling assets in poor market conditions in order to repay the borrowed amount.

NOTE 18: RESPONSIBLE ENTITY DETAILS

The registered office and the principal place of business of the Responsible Entity are:

Vasco Responsible Entity Services Limited

Level 4

99 William Street

Melbourne Victoria 3000

FIRST TRUST LAND FUND
ARSN 653 537 930

DIRECTORS' DECLARATION

The Directors of Vasco Responsible Entity Services Limited, the Responsible Entity, declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply Australian Accounting (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors of Vasco Responsible Entity Services Limited by:



Craig Dunstan

Director

Date: 19 September 2023

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Independent Auditor's Report

To the Members of Vasco Responsible Entity Services Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of First Trust Land Fund (the Fund), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

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

The Directors are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 19 September 2023