



**ICFM DEVELOPMENT FUND
SUNBURY SOUTH INVESTMENT OPTION
ABN 27 398 731 864**

**FINANCIAL REPORT
FOR THE PERIOD ENDED
30 JUNE 2022**

**ICFM DEVELOPMENT FUND
SUNBURY SOUTH INVESTMENT OPTION
TRUSTEE REPORT
FOR THE PERIOD ENDED 30 JUNE 2022**

The Directors of the Trustee, Vasco Custodians Pty Ltd present their report on the ICFM Development Fund Sunbury South Investment Option ('the Fund') for the period ended 30 June 2022.

1. Directors of Vasco Custodians Ltd for the period ended 30 June 2022

The names of Directors of the Trustee in office at any time during the financial period are:

Craig Mathew Dunstan

Fiona Jean Dunstan

2. Principal Activities

The ICFM Development Fund was established on 29 July 2019. As at 30 June 2022, there were four investment projects active in the ICFM Development Fund: the Sunbury Investment Option, the Bayview Officer Investment Option, the Greenvale Investment Option and the Sunbury South Investment Option. This report is for the ICFM Development Fund Sunbury South Investment Option only.

The principal activities of the Fund are to subscribe 60% of the units in the Sunbury South Investment Option Unit Trust (Sunbury South Trust), a property development unit trust established and operated by the Investment Manager and finance the Sunbury South Trust by providing a unitholder loan. A Supplementary Information Memorandum for the Fund was issued on 15 March 2022 and the first units were issued on the commencement date of 04 May 2022.

The Sunbury South Investment Option has raised the targeted amount of \$7,700,000 from investors on a commitment basis. Each investor was required to pay 19.5% of their commitment up front, by with the remainder due at 15 May 2022. The expected timing of the Capital Calls is set out below:

	Call Date	Payable	Percentage	Total Amount
Initial Application		On Application	19.5%	\$1,500,000
Final Capital Call	15 May 2022	25 May 2022	80.5%	\$6,200,000
			100%	\$7,700,000

3. Operating Results

The operating profit of the Fund for the financial period ending 30 June 2022 was nil.

4. Review of Operations

During the period the Fund issued 7,700,000 units. As at 30 June 2022, the Fund held 60% of the units in the Sunbury South Trust, a special purpose vehicle (SPV), related to the investment manager that is undertaking the development. The investment has a potential term of two and a half years, and is expected to be completed at the end of 2024.

As at 30 June 2022, the total unitholders' loan to Sunbury South Trust was \$7,763,973. There were no drawdowns in the period to 30 June 2022. Investors have no right to withdraw, redeem or otherwise exit from their investment in the Sunbury South Investment Option. In accordance with the Unitholders Agreement, interest income will be accrued at a rate of 10% p.a., compounding monthly on the amount of each advance provided to the Sunbury South Trust. The loan and loan interest accrued will be repaid on the windup of the Sunbury South Trust before any distribution of income and capital of the Trust.

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5. Review of Performance

Unit Class	2022 % p.a.
Ordinary units	10.04%*

* annualised based on the target distribution rate as per the Information Memorandum

6. Distributions Paid or Recommended

In accordance with the Supplementary Information Memorandum of the Fund dated 15 March 2022, no distributions are expected to be paid to unit holders in the Sunbury South Investment Option until the completion of the project.

The amount of any distribution income is based on the number of Units held in the Sunbury South Investment Option at the end of each distribution period.

Distributions are generally paid within 30 days of the end of a distribution period.

No distributions were paid during the financial period.

7. Applications Held

As at 30 June 2022, there were no pending applications.

8. Redemption Arrangements

As detailed in the Fund's Constitution, the Trustee is not under any obligation to buy back, purchase or redeem units from unitholders.

Investors have no right to withdraw, redeem or otherwise exit from their investment in the Fund.

The Trustee will redeem Investors on wind-up of the Fund subsequent to receipt of all amounts realised through the Sunbury South Trust.

9. Options

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

10. Proceedings on Behalf of the Fund

No person has applied to the court for leave to bring proceedings on behalf of the Fund, or to 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.

11. Value of Scheme Assets

The Gross Asset Value (GAV) of the Fund's assets at the end of the reporting period was \$7,774,116. The Net Asset Value (NAV) at the end of the reporting period was \$7,700,000.

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12. 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 period.

13. After Balance Date Events

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

14. Future Developments

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

15. Indemnifying Officers or Auditor

During or since the end of the financial period, the Trustee has paid insurance premiums to insure each of the aforementioned Directors as well as officers of the Trustee 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 Trustee, other than conduct involving a willful breach of duty in relation to the Trustee.

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

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

16. Fees, Commissions or Other Charges by the Trustee, Investment Manager or Related Parties

All fees disclosed in the Information Memorandum of the Fund were paid by the Investment Manager through the Sunbury South Trust during the financial period. Therefore, nominal fees were charged to the Fund during the financial period.

17. Units held by the Trustee, Investment Manager or Related Parties

As at 30 June 2022, an investment trust owned by a director of Infinity Capital Funds Management Pty Ltd, the Investment Manager of the Fund, holds 770,000 units in the Fund.

18. Interests in the Fund

The movement of units on issue in the Fund during the period is set out in Note 7 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.

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19. 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, or in certain cases, the nearest thousand dollars.

20. Environmental Issues

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

Signed in accordance with a resolution of the Board of Directors of Vasco Custodians Pty Ltd by

Craig Dunstan

Craig Dunstan

Director

Date: 28 September 2022

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ICFM DEVELOPMENT FUND
SUNBURY SOUTH INVESTMENT OPTION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	2022 \$
Revenue and other income		
Bank interest	2 (a)	83
Loan interest income	2 (b)	73,973
Total revenue and other income		<u><u>74,056</u></u>
Expenses		
Investment manager fees (reimbursement)	3	83
Distribution expense	7 (b)	73,973
Total expenses		<u><u>74,056</u></u>
Net profit attributed to unitholders		<u><u>-</u></u>
Total comprehensive income for the period attributable to unitholders net of distributions		<u><u>-</u></u>

The accompanying notes form part of these financial statements

**ICFM DEVELOPMENT FUND
SUNBURY SOUTH INVESTMENT OPTION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Notes	2022 \$
Current assets		
Cash and cash equivalents	4	10,083
Total current assets		10,083
Non-current assets		
Investment assets (loan)	5	7,763,973
Equity investment – Sunbury South Unit Trust	5	60
Total non-current assets		7,764,033
Total assets		7,774,116
Liabilities		
Sundry creditor	6	60
Reimbursement to Investment Manager		83
Distribution Accrued	7(b)	73,973
Total liabilities		74,116
Net assets		7,700,000
Represented by:		
Issued units	7 (a)	7,700,000
Net assets attributable to unitholders		7,700,000

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
ICFM DEVELOPMENT FUND
SUNBURY SOUTH INVESTMENT OPTION
FOR THE PERIOD ENDED 30 JUNE 2022**

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.

ICFM DEVELOPMENT FUND
SUNBURY SOUTH INVESTMENT OPTION
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	2022 \$
Cash flows from operating activities		
Bank interest	2 (a)	83
Net cash provided by operating activities		<u>83</u>
Cash flows from investing activities		
Payment for investment assets		(7,690,000)
Net cash (used in) investing activities		<u>(7,690,000)</u>
Cash flows from financing activities		
Proceeds from issue of units		7,700,000
Net cash provided by financing activities		<u>7,700,000</u>
Net increase in cash and cash equivalents		10,083
Cash and cash equivalents at the beginning of period		-
Cash and cash equivalents at the end of period	4	<u><u>10,083</u></u>

The accompanying notes form part of these financial statements

**ICFM DEVELOPMENT FUND
SUNBURY SOUTH INVESTMENT OPTION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial report is for the ICFM Development Fund Sunbury South Investment Option ('the Fund'). The Fund is an unregistered managed investment scheme established and domiciled in Australia. The Trustee of the Fund during the period ended 30 June 2022 was Vasco Custodians Pty Ltd, and Infinity Capital Funds Management Pty Ltd the Investment Manager of the Fund.

Basis of Preparation

(a) Statement of compliance

The Fund has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. ICFM Development Fund Sunbury South Investment Option 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 Trustee.

(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) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements requires the Directors of the Trustee 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 period in which the estimate is revised and in any future periods affected.

(i) Fair value estimation

Investment properties are carried at values that are based on assumptions and estimates. If any of these assumptions or estimates were not correct this could have a material impact on the carrying amounts in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies

(a) 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

Financial assets and financial liabilities are held at fair value through profit or loss.

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

Subsequent to initial recognition, all financial instruments are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

Fair value in an active market

The fair value of financial assets and liabilities 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 and liabilities that are not traded in an active market are determined through the valuation policy identified in the Information Memorandum for the Fund.

(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.

**ICFM DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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.

(c) Income tax

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

(d) Critical judgements and significant accounting estimates

The preparation of financial statements requires the Directors of the Trustee to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(e) 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 period beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

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FOR THE PERIOD ENDED 30 JUNE 2022**

NOTE 2: REVENUE

The Funds revenue may be analysed under the following categories

(a) Bank interest

	2022
	\$
Macquarie Bank CMA	83
	<u>83</u>

(b) Loan interest income

Interest will accrue at a rate of 10% per annum, compounding monthly on the amount of each advance provided to the Sunbury South Trust. The loan and loan interest accrued will be repaid on the windup of the Sunbury South Trust before any distribution of income and capital of the Trust.

	2022
	\$
Loan interest income	73,973
	<u>73,973</u>

NOTE 3: OTHER EXPENSES

	2022
	\$
Reimbursement to Investment Manager	83
	<u>83</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank

	2022
	\$
Macquarie Bank	10,083
	<u>10,083</u>

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NOTE 5: INVESTMENTS

Investment held

As at 30 June 2022 the Fund's investments comprised:

	2022
	\$
Unitholder Loan to the Sunbury South Trust	7,763,973
Units in the Sunbury South Unit Trust	60
	<u>7,764,033</u>

NOTE 6: SUNDRY CREDITOR

Sundry creditor reflects the Other Expenses line item in the Income Statement which reflects the amount paid to acquire units Sunbury South Unit Trust in order to bring the Net Profit of the Fund to nil and maintain the Unit Price at \$1.00 as per Information Memorandum.

	2022
	\$
Sundry Creditors	60
	<u>60</u>

NOTE 7: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units in \$

	2022 Units	2022 \$
Units issued – applications	1,500,000	1,500,000
Final capital call	6,200,000	6,200,000
Closing balance	<u>7,700,000</u>	<u>7,700,000</u>

As stipulated in the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

(b) Undistributed profit attributable to unitholders

At balance date, there are no undistributed profit or loss attributable to unitholders.

	2022
	\$
Loan interest income	73,973
Distributions payable	(73,973)
	<u>-</u>

(c) Capital management

The Fund regards total unitholders' interests as its capital. The objective of the Fund is to provide unitholders with capital growth. The Fund aims to achieve this objective mainly through direct investment in a property development trust.

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

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NOTE 8: RELATED PARTY TRANSACTIONS

The Fund's related parties include those described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

(a) Trustee

The Trustee of the Fund during the period was Vasco Custodians Pty Ltd. Fees as per the Information Memorandum were paid directly by the Investment Manager to Vasco Custodians Pty Ltd for their role as Trustee for the period.

(b) Investment Manager

The Investment Manager of the Fund is Infinity Capital Funds Management Pty Ltd.

(c) Administration Manager

The Administration Manager of the Fund is Vasco Fund Services Pty Limited. Fees as per the Information Memorandum were paid directly by the Investment Manager to Vasco Fund Services Pty Limited for its role as Administration Manager for the period.

(d) Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Trustee, Vasco Custodians Pty Ltd, and an Investment Manager, Infinity Capital Funds Management Pty Ltd, to manage the activities of the Fund. The Directors of the Trustee 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 Trustee or Investment Manager. Payments made by the Fund to the Trustee and Investment Manager do not specifically include any amounts attributable to the compensation of key management personnel.

NOTE 9: CONTINGENT LIABILITIES

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

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, there have been no other events subsequent to the reporting date that require additional disclosure.

NOTE 11: 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 holds investments in property loans, which are not considered to be assets that are readily realisable.

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

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NOTE 11: FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 and loan assets recognised at the reporting date.

The Investment Manager manages the exposure to credit risk on an ongoing basis. To date, the Fund has made a loan to a single borrower Sunbury South Investment Option Unit Trust.

(c) Property Market Risk

Investment properties form a significant part of the Fund's assets, and are carried at fair value within the accounts. As a result, the statement of comprehensive income of the Fund is exposed to movements in property valuations, year on year. These movements are unrealized, until the point that an investment property is sold. The property market is closely monitored by the Board and the decision to buy or sell a property is closely related to the state of the property market and expectations of future rental yield. In addition, in depth due diligence is performed over a property before it is purchased and ongoing monitoring is undertaken as part of the compliance plan.

There are a number of uncertainties regarding the outlook for the Australian economy over the next few periods. This includes the reluctance of business to commit to major new investments until sustained increase in demand are seen. The property market may also drop in value due to the recent changes in the interest rate environment. Interest rates are increasing rapidly, making it more difficult for individuals to repay their loans. During such market conditions, the demand for properties will get affected, resulting in a decline in property values. This may result in losses should properties be held as security be realised below the loan and receivable book values.

(d) Planning and Development Risk

The Fund undertakes planning works and there are numerous risks associated with such works. For example, the Fund could be exposed to adverse planning and building approvals and timing delays which could occur at any stage of the process, increasing the duration of Projects and impacting negatively on cash flows. Approval may not be granted or granted on conditions the Trustee does not find acceptable. These risks cannot be completely mitigated however the Trustee intends to mitigate them where possible by using appropriate contracts and contractors.

NOTE 12: TRUSTEE DETAILS

The registered office and the principal place of business of the Trustee are:

Vasco Custodians Pty Ltd

Level 4

99 William Street

Melbourne Victoria 3000

**ICFM DEVELOPMENT FUND
SUNBURY SOUTH INVESTMENT OPTION**

DIRECTORS' DECLARATION

In the opinion of the Directors of Vasco Custodians Pty Ltd:

- (a) The financial statements and notes of ICFM Development Fund Sunbury South Investment Option are in accordance with the *Corporations Act 2001*, including
 - (i) Giving a true and fair view of its financial position as at 30 June 2022 and its performance for this financial period ended on that date; and
 - (ii) Complying with Australian Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that ICFM Development Fund Sunbury South Investment Option will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Craig Dunstan

Craig Dunstan

Director

28 September 2022