



INCENTIVISE
INVESTMENT FUND

INCENTIVISE INVESTMENT FUND

ARSN 657 944 100

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023

INCENTIVISE INVESTMENT FUND
ARSN 657 944 100
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 Incentivise Investment Fund ('the Fund') for the year ended 30 June 2023.

1. Directors

The names of Directors of the Responsible Entity in office from 1 July 2022 to 30 June 2023 were:

Craig Mathew Dunstan

Jonathan William Martin

Reginald Bancroft

2. Principal Activities

The Fund invests in ownership of special purpose vehicles (SPVs) set up for specific development projects. This may include off market properties and targeted site identification. The process includes comprehensive financial feasibility, attentive and prudent development management and a strong exit strategy through an integrated sales and marketing approach.

3. Operating Results and Review of Operations

During the financial year, 5,511,955 (2022: nil) units have been issued.

The net loss of the Fund for the financial year ending 30 June 2023 was \$158,505 (2022: \$nil).

4. Unit Redemption Prices

The availability and timing of redemptions is subject to the terms of the Fund's Constitution. Further fees may apply upon redemption.

5. Distributions Paid or Recommended

As the Fund has only commenced operations in the last half of the financial year, no distributions have been paid or recommended.

6. Applications Held

As at 30 June 2023, there were pending applications of \$952,176 (2022: Nil)

7. 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. Consequently, no units were redeemed by the Responsible Entity during the financial year.

8. 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.

9. Proceedings on Behalf of the Fund

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

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FOR THE YEAR ENDED 30 JUNE 2023

10. Value of Scheme Assets

The Gross Asset Value (GAV) of the Fund at the end of the reporting period was \$4,400,468 (2022: Nil). The Net Asset Value (NAV) at the end of the reporting period was \$4,257,181 (2022: Nil).

11. 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

12. 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.

13. Future Developments

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

14. 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.

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

Investment management fees of \$12,987 (2022: nil) (plus GST) were paid and \$3,656 (plus GST) were accrued by the Fund to the Investment Manager for the year.

Fees of \$11,694 (2022: Nil) (plus GST) were accrued and paid by the Fund to the Administration Manager.

Fees of \$30,000 (2022: Nil) (plus GST) were accrued and paid by the Fund to the Responsible Entity.

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

As at 30 June 2023, no related parties own any units in the Fund.

17. Environmental Issues

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

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FOR THE YEAR ENDED 30 JUNE 2023**

18. 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

Craig Dunstan

Director

Date: 26th September 2023

Auditor's Independence Declaration to the Directors of the Responsible Entity

In accordance with section 307C of the *Corporations Act 2001* (the Act), in relation to our audit of the financial report of Incentivise Investment Fund for the financial period ended 30 June 2023, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (b) no contraventions of any applicable code of professional conduct.



PKF



Steven Bradby
Director

Melbourne, 26 September 2023

INCENTIVISE INVESTMENT FUND
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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 | 2 | 8,770 | - |
| Total revenue and other income | | 8,770 | - |
| Expenses | | | |
| Responsible entity fee | 4 | 30,000 | - |
| Administration fee | 4 | 11,694 | - |
| Investment manager fee | 3 | 16,643 | - |
| Establishment fee | | 38,230 | - |
| Custodian fee | 5 | 8,750 | - |
| Audit fee | 11 | 24,500 | - |
| Other expenses | 9 | 37,459 | - |
| | | - | - |
| Total expenses | | 167,276 | - |
| Net profit/(loss) attributable to unitholders | | (158,506) | - |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income | | (158,506) | - |

The accompanying notes form part of these financial statements

INCENTIVISE INVESTMENT FUND
ARSN 657 944 100

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | Notes | 2023 \$ | 2022 \$ |
|---|-------|------------------|------------|
| Current assets | | | |
| Reduced inputs tax credit | | 12,809 | - |
| Cash and cash equivalents | 6 | 1,501,848 | - |
| Total current assets | | 1,514,657 | - |
| Non-current assets | | | |
| Shares in IIF SPV 1 Pty Ltd | 7 | 2,734,037 | - |
| Prepaid establishment costs | 14 | 151,774 | - |
| Total non-current assets | | 2,885,811 | - |
| Total assets | | 4,400,468 | - |
| Current Liabilities | | | |
| Fees payable | 12 | 37,406 | - |
| Other expenses payable | 13 | 4,333 | - |
| Establishment costs - reimbursement to Investment manager | | 101,547 | - |
| Total liabilities | | 143,286 | - |
| Net assets | | 4,257,181 | - |
| Represented by: | | | |
| Issued units | 8(a) | 5,270,428 | - |
| Revaluation gain/loss | 8(b) | (854,741) | - |
| Current year earnings | 8(c) | (158,506) | - |
| Net assets attributable to unitholders | | 4,257,181 | - |

The accompanying notes form part of these financial statements

INCENTIVISE INVESTMENT FUND
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

| | Issued Units | Revaluation Reserve | Retained Earnings | Total |
|--|-------------------------|--------------------------------|------------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2022 | - | - | - | - |
| Operating (loss) attributable to unitholders | - | | (158,506) | (158,506) |
| Other comprehensive income for the year | - | (854,741) | - | (854,741) |
| Total comprehensive income for the year | - | (854,741) | (158,506) | (1,013,247) |
| Issue of Units | 5,270,428 | - | - | 5,270,428 |
| Balance as at 30 June 2023 | 5,270,428 | (854,741) | (158,506) | 4,257,181 |

The accompanying notes form part of these financial statements

**INCENTIVISE INVESTMENT FUND
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

| | Period ended 2023 | Period ended 2022 |
|--|------------------------------|----------------------------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Bank Interest | 8,770 | - |
| Fees Paid | (275) | - |
| Payment To Suppliers | (212,056) | - |
| Net cash provided by/ (used in) operating activities | (203,561) | - |
| Cash flows from investing activities | | |
| Payment for Purchase of Investment assets | (3,588,779) | - |
| Net cash provided by/ (used in) investing activities | (3,588,779) | - |
| Cash flows from financing activities | | |
| Proceeds from Issuance of Units | 5,294,188 | - |
| Net cash provided by financing activities | 5,294,188 | - |
| Net increase in cash and cash equivalents | 1,501,848 | - |
| Cash and cash equivalents at the beginning of year | 0 | - |
| Cash and cash equivalents at the end of year | 6 1,501,848 | - |

**INCENTIVISE INVESTMENT FUND
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**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 Incentivise Investment 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.

(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 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 period in which the estimate is revised and in any future periods 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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) De-recognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition in accordance with AASB 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when applicable, are shown within short-term borrowings in current liabilities in the statement of financial position.

(c) 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 reporting period 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies

(d) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

e) 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 reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

f) 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.

g) 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 reporting period.

h) Equity

The Fund issues units which have a limited life under the Fund's Constitution and are classified as equity in accordance with *AASB 132 Financial Instruments: Presentation* as amended by *AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation*.

Should the terms or conditions of the units change such that they no longer comply with the criteria for classification as equity in the revised *AASB 132*, the units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity.

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 equity attributable to the Fund's unitholders.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies

(i) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Distribution revenue from Investment Assets at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income, when the Fund's right to receive payment is established.

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).

(j) Income tax

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

(k) 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.

(l) 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 periods or will affect the current or future periods.

A number of new standards, amendments to standards and interpretations are effective for annual periods 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 2: REVENUE

The Fund's revenue is analysed under the following categories

(a) Bank interest

| | 2023 | 2022 |
|----------------------------|--------------|-------------|
| | \$ | \$ |
| Commonwealth bank interest | 8,770 | - |
| | 8,770 | - |

Cash on deposit is held by the Custodian (Perpetual Corporate Trust Limited) with Commonwealth Bank.

NOTE 3: INVESTMENT MANAGER FEES

| | 2023 | 2022 |
|-------------------------|---------------|-------------|
| | \$ | \$ |
| Investment manager fees | 16,643 | - |
| | 16,643 | - |

NOTE 4: RESPONSIBLE ENTITY AND ADMINISTRATION FEES

| | 2023 | 2022 |
|-------------------------|---------------|-------------|
| | \$ | \$ |
| Responsible Entity fees | 30,000 | - |
| Administration fees | 11,694 | - |
| | 41,694 | - |

NOTE 5: CUSTODIAN FEES

| | 2023 | 2022 |
|----------------|--------------|-------------|
| | \$ | \$ |
| Custodian fees | 8,750 | - |
| | 8,750 | - |

NOTE 6: CASH AND CASH EQUIVALENTS

| | 2023 | 2022 |
|-------------------|------------------|-------------|
| | \$ | \$ |
| Commonwealth Bank | 1,501,848 | - |
| | 1,501,848 | - |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 7: INVESTMENTS

| | 2023 | 2022 |
|-----------------------------|-------------------------|-----------------|
| | \$ | \$ |
| Shares in IIF SPV 1 Pty Ltd | 2,734,037 | - |
| | <u>2,734,037</u> | <u>-</u> |

NOTE 8: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

| | 2023 | 2023 | 2022 | 2022 |
|-----------------------------|-------------------------|-------------------------|-----------------|-----------------|
| | Units | \$ | Units | \$ |
| (a) Issued units | | | | |
| Units issued – applications | 5,511,955 | 5,270,428 | - | - |
| Closing balance | <u>5,511,955</u> | <u>5,270,428</u> | <u>-</u> | <u>-</u> |

(b) Revaluation Reserve

The investment at cost was \$3,588,778. The decrement in value of \$854,741 is a consequence of the SPV, IIF SPV 1 Pty Ltd, engaging an external property valuer which was on the Responsible Entity's valuer panel. This resulted in a revised value for the underlying properties. The current value of the investment is \$2,734,037.

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

| | 2023 | 2022 |
|--|-------------------------|-----------------|
| | \$ | \$ |
| Operating profit/(loss) before finance costs attributable to unitholders | (158,506) | - |
| Closing balance | <u>(158,506)</u> | <u>-</u> |

(d) Capital management

The Fund regards total unitholders' interests as capital. The Fund's objective is to invest in ownership of special purpose vehicles (SPVs) set up for specific development projects (Projects). This will include off market properties and targeted site identification, comprehensive 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 9: OTHER EXPENSES

| | 2023 | 2022 |
|-----------------------------|----------------------|-----------------|
| | \$ | \$ |
| Tax return fees | 6,618 | - |
| Bank fees | 274 | - |
| GST expense (non-claimable) | 8,472 | - |
| Legal fees | 6,960 | - |
| Other Fund Expenses | 422 | - |
| ASIC fees | 3,903 | - |
| Account Holding Expenses | 1,918 | - |
| Other Admin Expenses | 338 | - |
| Expense Recovery | 5,016 | - |
| Regulatory recovery fees | 3,538 | - |
| | <u>37,459</u> | <u>-</u> |

NOTE 10: RELATED PARTY TRANSACTIONS

(a) Responsible Entity

Fees of \$30,000 (2022: Nil) have been paid by the Fund to Vasco Responsible Entity Services Limited for its role as Responsible Entity, of which \$1,650 (2022: Nil) is claimable as a reduced input tax credit.

(b) Administration Entity

The Administration Manager of Fund is Vasco Fund Services Pty Limited.

Administration fees of \$11,694 (plus GST) (2022: Nil (plus GST)) were accrued and paid by the Fund to Vasco Fund Services Pty Limited for its role as Administration Manager of the Fund, of which \$877 is claimable by the Fund as a reduced input tax credit.

Vasco Fund Services Limited is a related party of the Responsible Entity.

(c) Investment Manager

The Investment Manager of the Fund is SD Investment Managers Pty Ltd. The Investment Manager has agreed to be responsible for all costs incurred on behalf of the Fund until 30 June 2023. This arrangement will be reviewed subsequent to the date of this financial report.

(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, SD Investment Managers 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 11: OTHER FEES AND EXPENSES

Remuneration of Auditors

The auditor of the Fund is PKF Melbourne Audit & Assurance Pty Ltd. The fees paid or agreed to be paid by the Investment Manager for the year ended 30 June 2023 are disclosed below.

| | 2023 | 2022 |
|---------------------------------|----------------------|---------------------|
| | \$ | \$ |
| Audit services | | |
| Audit of financial report | 20,500 | 1,500 |
| Other regulatory audit services | 4,000 | 5,000 |
| | <u>24,500</u> | <u>6,500</u> |
| Other services | | |
| Taxation services | - | 600 |
| | <u>-</u> | <u>600</u> |

NOTE 12: FEES PAYABLE

| | 2023 | 2022 |
|---------------------------------|----------------------|-----------------|
| | \$ | \$ |
| Custodian fees payable | 8,750 | - |
| Investment manager fees payable | 3,656 | - |
| Provision for tax return fees | 6,000 | - |
| Fund audit fee payable | 19,000 | - |
| | <u>37,406</u> | <u>-</u> |

NOTE 13: OTHER EXPENSES PAYABLE

| | 2023 | 2022 |
|----------------------------------|---------------------|-----------------|
| | \$ | \$ |
| Regulatory Recovery fees payable | 538 | - |
| Other accrued fees | 3,795 | - |
| | <u>4,333</u> | <u>-</u> |

NOTE 14: PREPAID ESTABLISHMENT COST

The Responsible Entity and the Investment Manager are entitled to be reimbursed out of the assets of the Fund for costs properly incurred in establishing the Fund. The establishment cost is amortised over 5 years.

| | 2023 | 2022 |
|----------------------------|-----------------------|-----------------|
| | \$ | \$ |
| Prepaid Establishment Cost | 190,003 | - |
| Less: amortisation | 38,229 | - |
| | <u>151,774</u> | <u>-</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 15: CONTINGENT LIABILITIES

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

NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no other events subsequent to the reporting date that require additional disclosure.

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 will hold investments in real estate, which 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) Development and construction risk

The Fund invests in property development projects which are subject to risks which can affect the returns available to Investors such as:

- (i) The inability to obtain appropriate or sufficient government planning approval to undertake a successful development of a property;
- (ii) Costs overruns and costs to complete any construction work may be more than forecast and additional capital or finance may need to be sourced;
- (iii) Completion of buildings under contract could be delayed due to the fault of the developer or other unforeseen events;
- (iv) Development and construction can be subject to external influence over which the Fund has little or no control; and
- (v) General deterioration in market conditions

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

(e) Valuation risk

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 a Project's lender relies

(f) Borrowing risk

The SPVs invested in by the Fund may combine Investors' money with borrowed money and invest the combined amount in a property. This process, known as gearing, magnifies the effect of gains and losses on your investment and is considered more risky than similar investments that are not geared.

If property values fall significantly the SPVs invested in by the Fund may be unable to meet their loan covenants which may result in the sale of the 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 in by the Fund may not be able to refinance their 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

**INCENTIVISE INVESTMENT FUND
ARSN 657 944 100**

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 with Australian Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting obligations; 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

Craig Dunstan

Director

Date: 26th September 2023

Independent Auditor's Report to the Members of Incentivise Investment Fund and the Directors of the Responsible Entity

Opinion

We have audited the accompanying financial report of Incentivise Investment Fund (the Fund), which comprises the statement of financial position as at 30 June 2023, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year ended on that date, notes to the financial statements, including material accounting policy information, and the Directors' Declaration.

In our opinion, the 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 financial performance for the period then ended; 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors of the Responsible Entity for the financial report

The Directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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 relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



PKF
Melbourne, 26 September 2023



Steven Bradby
Director