



FIRST TRUST LAND FUND

ARSN 653 537 930

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2024

FIRST TRUST LAND FUND
ARSN 653 537 930
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024

The Directors of the Responsible Entity, Vasco Responsible Entity Services Limited, present their report on the First Trust Land Fund (Fund) for the year ended 30 June 2024. 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 2024 are:

Craig Mathew Dunstan

Jonathan William Martin

Reginald Albert Bancroft

Subsequent to June 30, 2024, the Board of Directors changed:

Patrice Lo (appointed 1 July 2024)

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 2024 was \$301,647 (2023: (\$1,695,554)).

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 7,810,754 units (2023: 7,647,629) 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 163,125 units (2023: 2,395,957) issued during the financial year. As

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

SPV Investment	2024	2023
	\$	\$
Shares in Samsonvale Joyner Pty Ltd	4,194,476	3,503,339
Shares in Grace 8 Street Pty Ltd	1,971,483	2,152,619
Total	6,165,959	5,655,958

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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.

8 Grace Street:

A development at 8 Grace Street, Camberwell, Victoria was settled in August 2022. The development is owned by a SPV (Grace 8 Pty Ltd). A development proposal has been sought for two executive town residences to be developed. The Fund contributed \$nil (2023: \$2,721,320) towards the purchase price, by investing in equity to that value in the SPV.

The net asset value of the SPVs has been determined to materially represent fair value. As the key assets underpinning the net assets are property developments, the Responsible Entity has instructed the Investment Manager to have both properties valued. The resultant valuation supports the net asset values of the SPVs.

An external valuation of the Samonsvale properties was undertaken by an approved valuer in February 2024. The Fund has adjusted the fair value of the investment accordingly.

The Grace Street property was valued as at June 30, by an approved valuer, and the Fund has adjusted the fair value of the investment accordingly.

The net asset value of each SPV reflects the recoverable value of the underlying assets and liabilities in each SPV, and materially represents the fair value of the SPV. The movement in the net asset values of each SPV is recognised as a fair value gain / (loss) in the financial statements.

5. Review of Performance

Unit Price 30 June 2024	Unit Price 30 June 2023	% Change
0.78	0.74	5.41%

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 30 June 2024, there were no pending incomplete applications (2023: nil).

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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.

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 \$6,186,177 (2023: \$5,733,239). The net asset value at the end of the financial year was \$6,122,850 (2023: \$5,696,923).

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.

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RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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

As at 30 June 2024, the Responsible Entity is entitled to fees which equals to:

- a. 0.30% (plus GST) p.a. of the GAV of the Fund's assets up to \$100m, plus;
- b. 0.20% (plus GST) p.a. of the GAV of the Fund's assets above \$100m and up to and including \$200m, plus;
- c. 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 (2023: \$60,000) (plus GST) p.a.

The Administration Manager is a related party of the Responsible Entity and is entitled to a fee of \$26,906 (2023: \$25,625).

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

At 30 June 2024, 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 2024.

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



Craig Dunstan

Director

Date: 26 September 2024

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 2024, 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, 26 September 2024

FIRST TRUST LAND FUND
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STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$	2023 \$
Revenue and other income			
Bank interest		1,834	9,997
Total revenue and other income		1,834	9,997
Expenses			
Responsible Entity fees	2	60,000	60,000
Administration fees	2	26,906	25,625
Investment Manager fees	3	57,551	70,426
Custodian fees	4	18,587	19,143
Audit fees	5	14,546	14,365
Other expenses	6	32,598	36,080
Total expenses		210,188	225,639
Operating (loss) before finance costs			
attributable to unitholders		(208,354)	(215,642)
Other comprehensive income			
Fair value gain / (loss) on investment asset	12 (b)	510,001	(1,479,912)
Total other comprehensive income		510,001	(1,479,912)
Total comprehensive income gain / (loss)		301,647	(1,695,554)

FIRST TRUST LAND FUND
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	7	10,644	69,056
Sundry debtors	8	9,574	8,225
Total current assets		20,218	77,281
Non-current assets			
Investments	9	6,165,959	5,655,958
Total non-current assets		6,165,959	5,655,958
Total assets		6,186,177	5,733,239
Liabilities			
Fees payable	10	57,279	33,014
Other expenses payable	11	6,048	3,302
Total liabilities		63,327	36,316
Net assets		6,122,850	5,696,923
Represented by:			
Issued units	12 (a)	7,624,492	7,500,212
Undistributed (loss) attributable to unitholders	12 (b)	(1,501,642)	(1,803,289)
Net assets attributable to unitholders		6,122,850	5,696,923

**FIRST TRUST LAND FUND
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

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
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Bank Interest		1,894	9,997
Fund expenses		(184,586)	(223,312)
Net cash (used in) operating activities		<u>(182,692)</u>	<u>(213,315)</u>
Cash flows from investing activities			
Payments for investment assets	9	-	(2,963,477)
Net cash (used in) investing activities		<u>-</u>	<u>(2,963,477)</u>
Cash flows from financing activities			
Proceeds from units issued		124,280	2,320,910
Net cash provided by financing activities		<u>124,280</u>	<u>2,320,910</u>
Net (decrease) in cash and cash equivalents		(58,412)	(855,882)
Cash and cash equivalents at the beginning of year		69,056	924,938
Cash and cash equivalents at the end of year	7	<u><u>10,644</u></u>	<u><u>69,056</u></u>

FIRST TRUST LAND FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES

Reporting Entity

The financial report is for the First Trust Land Fund (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, and the Investment Manager is First Trust Land Management Pty Ltd

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 26 September 2024.

(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.

As at June 30, 2024, the Fund had a net current asset deficiency of \$43,109. This deficiency was due to the long term nature of the Fund's investment assets. Therefore, the Fund's ability to continue as a going concern is dependent upon First Trust Land Management Pty Ltd, as sponsor and Investment Manager, 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.

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

NOTE 1: MATERIAL 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 values of assets in an inactive or unquoted market are determined using valuation techniques which require significant judgement.

Material 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 and classification

Investment assets

The Fund's investment assets are intended to be held for the foreseeable future. The Fund has irrevocably elected to classify these equity investments 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 the Statement of Profit or Loss and 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 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.

The Fund's investment assets (Shares in SPV Companies) are level 3 assets in the fair value hierarchy, as they are not traded in an active market. The fair value of these assets is calculated based on the net asset value of the SPV. Net asset value has been determined to materially represent the fair value of the investment.

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

NOTE 1: MATERIAL ACCOUNTING POLICIES (continued)

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 and are recognized at amortised cost

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).

(k) 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 2023 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.

FIRST TRUST LAND FUND
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NOTES TO THE FINANCIAL STATEMENTS
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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 (2023: \$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 \$26,906 (2023: \$25,625) (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.

	2024	2023
	\$	\$
Responsible Entity fees	60,000	60,000
Administration fees	26,906	25,625
	86,906	85,625

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 in arrears from the Fund's assets.

	2024	2023
	\$	\$
Investment management fees	57,551	70,426
	57,551	70,426

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 \$17,500 (2023: \$17,500) (plus GST) calculated and payable quarterly in arrears subject to a CPI increase applied annually on 1 July of each year.

	2024	2023
	\$	\$
Custodian fees	18,587	19,143
	18,587	19,143

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5: REMUNERATION OF AUDITORS

	2024	2023
	\$	\$
Audit services provided by Grant Thornton Audit Pty Ltd		
Audit of financial report	11,665	12,365
Compliance audit services	2,881	2,000
	14,546	14,365

NOTE 6: OTHER EXPENSES

	2024	2023
	\$	\$
Legal fees	-	3,035
Account holding expenses	3,350	6,567
ASIC fee	1,440	1,433
Tax return fees	3,150	3,395
Regulatory levy recovery fee	1,090	666
Document review fee	500	-
GST expense (non-claimable)	6,987	7,352
Other administration expenses	13,061	7,649
Bank charges	70	33
Valuation fees	-	3,000
Portal Access	2,950	2,950
	32,598	36,080

NOTE 7: CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
Commonwealth Bank	10,644	69,056
	10,644	69,056

NOTE 8: SUNDRY DEBTORS

	2024	2023
	\$	\$
Reduced input tax credit receivable	8,099	6,750
Prepayments	1,475	1,475
	9,574	8,225

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9: INVESTMENTS

Samsonvale Joyner

The Fund is holding 4,416,468 (2023: 4,416,468) shares in the Samsonvale Joyner Pty Ltd as at 30 June 2024. 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.

The Fund has contributed \$4,416,468 (2023: \$4,416,468) 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.

Grace Street Project:

The Fund is holding 2,721,320 (2023: 2,721,320) shares in the Grace 8 Pty Ltd as at 30 June 2024. The 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. The Fund has contributed \$2,721,320 towards the current value, by investing in equity to that value in the SPV.

	2024	2023
	\$	\$
<u>Fair Value</u>		
Shares: Samsonvale Joyner Pty Ltd	4,194,476	3,503,339
Shares: Grace 8 Pty Ltd	1,971,483	2,152,619
	<u>6,165,959</u>	<u>5,655,958</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 SPVs has been based on the net asset value of the respective SPV, which has been determined to materially represent the fair value of the investment

The net asset value of the SPV's is predominantly derived from cash and the fair value of property assets, minus all related liabilities. The properties held by the SPVs are initially measured at cost and are subject to an external valuation and are revalued on a regular basis. The Samsonvale Joyner property was last valued in February 2024, and the Grace Street property was valued in June 2024, by independent external valuers. The financial accounts are prepared by a third party appointed by the Investment Manager.

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

NOTE 9: INVESTMENTS (continued)

The following table presents the changes in level 3 investments for the year ended 30 June 2024:

Samsonvale Joyner Pty Ltd:

	2024	2023
	\$	\$
Opening balance 30 June 2023	3,503,339	4,172,393
Additions	-	242,157
Fair value gain / (loss) recognised in other comprehensive income	691,137	(911,211)
Closing Balance 30 June 2024	<u>4,194,476</u>	<u>3,503,339</u>

Grace 8 Pty Ltd:

	2024	2023
	\$	\$
Opening balance 30 June 2023	2,152,619	-
Additions	-	2,721,320
Fair value loss recognised in other comprehensive income	(181,136)	(568,701)
Closing Balance 30 June 2024	<u>1,971,483</u>	<u>2,152,619</u>

NOTE 10: FEES PAYABLE

	2024	2023
	\$	\$
Investment Manager fees	18,772	4,772
Responsible Entity fees	5,000	5,000
Administration fees	2,297	2,187
Custodian fees	9,843	9,284
Tax return fees	3,150	2,995
Financial audit fees	11,500	5,500
Compliance audit fees	2,800	2,700
Regulatory recovery fees	567	576
Account holding payable	3,350	-
	<u>57,279</u>	<u>33,014</u>

NOTE 11: OTHER EXPENSES PAYABLE

	2024	2023
	\$	\$
Other accrued fees	6,048	3,302
	<u>6,048</u>	<u>3,302</u>

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

NOTE 12: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2024	2024	2023	2023
	Units	\$	Units	\$
(a) Issued units				
Opening balance	7,647,629	7,500,212	5,251,672	5,179,302
Units issued – applications	163,125	124,280	2,395,957	2,320,910
Closing balance	<u>7,810,754</u>	<u>7,624,492</u>	<u>7,647,629</u>	<u>7,500,212</u>

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

	2024	2023
	\$	\$
Opening balance		(107,735)
Operating (loss) before finance costs attributable to unitholders	(1,803,289)	(215,642)
Revaluation gain / (loss) – Shares in Samsonvale Joyner Pty Ltd	691,136	(911,211)
Revaluation (loss) – Shares in Grace 8 Pty Ltd	(181,135)	(568,701)
Closing balance	<u>(1,501,642)</u>	<u>(1,803,289)</u>

(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.

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NOTE 13: RELATED PARTY TRANSACTIONS

(a) Responsible Entity

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

Fees of \$60,000 (2023: \$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 (2023: \$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 \$70,425 (2023: \$70,426) are paid or payable by the Fund to First Trust Land Management Pty Ltd for its role as Investment Manager, of which \$5,282 (2023: \$5,282) is claimable as a reduced input tax credit.

The Investment Manager has made a related party loan of \$60,000 to the SPV (Samsonvale) 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 (2023: \$25,625) are paid or payable by the Fund to Vasco Fund Services Pty Ltd for its role as Administration Manager, of which \$1,922 (2023: \$1,922) 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 14: CONTINGENT LIABILITIES

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

NOTE 15: 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.

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NOTE 16: 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 gain. 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, labor and general market conditions.

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

NOTE 16: 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 is 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 17: 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

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 2024 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: 26 September 2024

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 2024, 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 material accounting policy information 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 2024 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.

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 2024 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, 26 September 2024