



LINCOLN CAPITAL NO.1 FUND

ABN 68 898 745 632

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023**

LINCOLN CAPITAL NO.1 FUND
ABN 68 898 745 632
TRUSTEE REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The Directors of the Trustee, Vasco Custodians Pty Ltd, present their report on the Lincoln Capital No.1 Fund ('the Fund') for the year ended 30 June 2023. In order to comply with the provisions of the *Corporations Act 2001* the Directors report as follows:

1. Directors of Vasco Custodians Pty Ltd

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

Craig Mathew Dunstan

Fiona Jean Dunstan

2. Principal Activities

The Fund provides Investors with indirect exposure to development projects including the Irving Domain Project, Palmerston Project and Campsie Project.

The Fund has lent money to the dedicated entity developing the Projects called APH Holding Capital Pty Ltd ATF APH Holding Capital Unit Trust ("Borrower" or "APH Holding Capital"). The loan to the Borrower is secured by a General Security Deed over all of the assets of the Borrower. The Borrower has lent the proceeds of the loan to the corporate Special Purpose Vehicles (SPVs) which own the relevant site or sites (Landowner). There is a Deed of Assignment between the Fund (as assignee) and the Borrower (as assignor) of the debt and general security deed that the Borrower holds in relation to loans with each SPV.

3. Operating Results

The total comprehensive income of the Fund for the year ending 30 June 2023 was nil (2022: nil).

4. Review of Operations

The Fund was established on 3 February 2022. The first information memorandum was issued on 19 May 2022. Investors are offered an opportunity to invest in two different investment options, each with a different target return (pre-tax and net of fees and costs) and minimum investment term.

Investment Option	Target Return	Minimum Investment Term	Minimum Investment Amount
Option A	8% per annum	12 Months	\$500,000
Option B	10% per annum	24 Months	\$500,000

The Fund has three unitholders invested in Option B as at 30 June 2023, and no unitholders in Option A.

The Fund has invested \$19,973,678 (2022: \$7,985,000) at 30 June 2023, in APH Holding Capital, a related party of the Investment Manager. The loan to APH Holding Capital is secured by a General Security Deed over all of the assets of the APH Holding Capital.

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

Investment	2023 \$	2022 \$
Loan to APH Holding Capital	19,973,678	7,985,000

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4. Review of Operations (continued)

The Investment Manager confirms that Lincoln Capital (APH) No.1 Pty Ltd (ACN 640 286 102) will reimburse the Fund for all fees and expenses payable by the Fund. The Investment Manager also agrees that any fees and expenses which are reimbursed to the Fund will not be refunded at a later date.

The Fund's ability to continue as a going concern is dependent upon the Investment Manager of the Fund continuing to pay all the expenses related to the Fund.

5. Review of Performance

It is anticipated that unitholders will receive the return detailed in the Information Memorandum or otherwise agreed between the unitholders and the Investment Manager.

All distributions are expected to be made on a quarterly basis.

6. Unit Redemption Prices

The redemption price was \$1.00 as at 30 June 2023. Investments in the Fund are illiquid and the redemptions will occur upon repayment of the Loan by the Borrower. There is no exit fee payable by Investors.

7. Distributions Paid or Recommended

The distributions are expected to be made on a quarterly basis. The following distributions are payable for the year to 30 June 2023:

Period	Option	Distribution	Distribution Payable
1 July 2022 to 30 September 2022	B	10%	\$456,438
1 October 2022 to 30 December 2022	B	10%	\$504,109
1 January 2023 to 30 Mar 2023	B	10%	\$493,150
1 April 2023 to 30 June 2023	B	10%	\$498,630

The total distributions declared for the financial year were \$1,952,327 (2022: \$6,575).

8. Applications Held

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

9. 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. No units were redeemed by the Trustee during the reporting year.

10. 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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11. Value of Fund Assets

The gross asset value of the Fund at the end of the financial year was \$20,615,225 (2022: \$8,021,696). The net asset value at the end of the financial year was \$20,000,000 (2022: \$8,000,000).

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 year.

13. 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.

14. Future Developments

There are no 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 year, 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 year, 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

Fees of \$406,006 (2022: \$1,334) (plus GST) were paid or payable by the Fund to the Investment Manager for the year. Fees of \$24,851 (2022: \$10,417) (plus GST) were paid or payable by the Fund to the Trustee for the year. Fees of \$15,375 (2022: \$125) (plus GST) were paid or payable by the Fund to the Administration Manager.

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

No units were held by the Trustee.

18. Interests in the Fund

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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FOR THE YEAR ENDED 30 JUNE 2023

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.

20. Environmental Issues

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

Signed in accordance with a resolution of the Board of the trustee, Vasco Custodians Pty Ltd by:

Craig Dunstan

Craig Dunstan

Director

Date: 15 August 2023

LINCOLN CAPITAL NO.1 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 (a)	2,407	110
Loan interest	2 (b)	2,328,528	2,625
Reimbursement from Investment Manager		81,332	18,592
Total revenue and other income		2,412,267	21,327
Expenses			
Trustee fees	3	24,851	10,417
Administration fees	3	15,375	125
Investment manager fees	4	406,006	1,334
Other expenses	5	20,282	2,876
Total expenses		466,514	14,752
Operating profit before finance costs attributable to unitholders		1,945,753	6,575
Distributions to unitholders		1,945,753	6,575
Total comprehensive income		-	-

LINCOLN CAPITAL NO.1 FUND
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	7	75,858	15,110
Accrued loan interest income	8	531,153	2,625
Reimbursement from Investment Manager	6	19,625	18,592
Reduced input tax credit receivable		14,911	369
Total current assets		641,547	36,696
Non-current assets			
Investments	9	19,973,678	7,985,000
Total non-current assets		19,973,678	7,985,000
Total assets		20,615,225	8,021,696
Liabilities			
Fees payable	10	105,995	14,504
Distribution payable	11	498,630	6,575
Other accrued fees payable		10,600	617
Total liabilities		615,225	21,696
Net assets		20,000,000	8,000,000
Represented by:			
Issued units	12	20,000,000	8,000,000
Net assets attributable to unitholders		20,000,000	8,000,000

**LINCOLN CAPITAL NO.1 FUND
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

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

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Bank interest and commission rebate	2(a)	2,407	110
Loan interest		1,800,000	-
Fees paid		(312,629)	-
Australian tax office BAS / GST refund		13,347	-
Net cash provided by operating activities		1,503,124	110
Cash flows from investing activities			
Payment for investments		(11,988,678)	(7,985,000)
Net cash (used in) investing activities		(11,988,678)	(7,985,000)
Cash flows from financing activities			
Proceeds from units issued		12,000,000	8,000,000
Unitholder Distribution		1,453,699	
Net cash provided by financing activities		10,546,301	8,000,000
Net increase in cash and cash equivalents		60,748	15,110
Cash and cash equivalents at the beginning of year		15,110	-
Cash and cash equivalents at the end of year	7	75,858	15,110

LINCOLN CAPITAL NO.1 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 Lincoln Capital No.1 Fund ('the Fund') as an individual entity. The Fund is an unlisted managed investment Fund established and domiciled in Australia. The Trustee of the Fund is Vasco Custodians 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 Trustee on 15 August 2023.

(b) Basis of measurement

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

Investment assets are measured at fair value.

(c) 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 year in which the estimate is revised and in any future years affected.

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.

LINCOLN CAPITAL NO.1 FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Measurement (continued)

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.

(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.

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 year. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(f) 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.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting year and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue is deferred when fees are received upfront but where associated services are yet to be performed. Any consideration deferred for more than one year is treated as a financing arrangement and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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).

(g) 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 year are classified as current assets. All other receivables are classified as non-current assets.

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

(h) 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.

(i) 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 year.

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) New accounting standards and interpretations

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: REVENUE AND OTHER INCOME

a) Bank interest	2023	2022
	\$	\$
Bank interest	2,407	110
	2,407	110
b) Loan interest	2023	2022
	\$	\$
Loan interest	2,328,528	2,625
	2,328,528	2,625

NOTE 3: TRUSTEE AND ADMINISTRATION FEES

Fees of \$24,851 (2022: \$10,417) (plus GST) were paid or payable by the Fund to the Trustee for the year. The Trustee is entitled to an annual fee (subject to a minimum annual fee of \$25,000) of:

- 0.10% per annum of the Gross Asset Value (GAV) of the Fund up to \$100m; plus
- 0.07% per annum of the gross asset value of the Fund on GAV greater than \$100m but less than \$200m; plus
- 0.05% per annum on GAV greater than \$200m.

This fee accrues and is calculated monthly from execution of the Trust Deed.

	2023	2022
	\$	\$
Trustee fee	24,851	10,417
	24,851	10,417

Fees of \$15,375 (2022: \$125) (plus GST) were paid or payable by the Fund to the Administration Manager. The Administration Manager is entitled to be paid an annual Administration Fee of either:

- \$15,000 per annum if the total assets of the Fund are less than \$20m or there are less than 75 Unitholders of the Fund;
- \$25,000 per annum if Fund has between \$20m and \$50m of total assets or there are between 75 and 250 Unitholders of the Fund;
- \$35,000 per annum where the Fund has between \$50m and \$100m of total assets or there are between 250 and 500 Unitholders; or
- An annual fee to be discussed where assets exceed \$100m or the number of Unitholders exceed 500.

	2023	2022
	\$	\$
Administration fee	15,375	125
	15,375	125

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NOTE 4: INVESTMENT MANAGEMENT FEES

Fees of \$406,006 (2022: \$1,334) (plus GST) were paid or payable by the Fund to the Investment Manager for the year.

The Investment Manager is entitled to an annual Management Fee of 2% per annum of the GAV of the Fund.

	2023	2022
	\$	\$
Investment Manager fees	406,006	1,334
	<u>406,006</u>	<u>1,334</u>

NOTE 5: OTHER EXPENSES

	2023	2022
	\$	\$
Tax return fee	2,575	2,450
Regulatory recovery fee	4,438	175
Account holding expenses	300	3
GST expense (non-claimable)	12,383	248
Legal fee	260	-
Other administration expenses	326	-
	<u>20,282</u>	<u>2,876</u>

NOTE 6: REIMBURSEMENT FROM INVESTMENT MANAGER

	2023	2022
	\$	\$
Reimbursement from Investment Manager	19,625	18,592
	<u>19,625</u>	<u>18,592</u>

NOTE 7: CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash – Macquarie bank	75,858	15,110
	<u>75,858</u>	<u>15,110</u>

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NOTE 8: ACCRUED LOAN INTEREST INCOME

	2023	2022
	\$	\$
Accrued loan interest income	531,153	2,625
	<u>531,153</u>	<u>2,625</u>

NOTE 9: INVESTMENT ASSET

	2023	2022
	\$	\$
Loan to APH Capital Pty Ltd	19,973,678	7,985,000
	<u>19,973,678</u>	<u>7,985,000</u>

NOTE 10: FEES PAYABLE

	2023	2022
	\$	\$
Administration fees	-	125
Investment Manager fees	101,783	1,334
Trustee fees	-	10,417
Regulatory recovery fees	1,537	175
Tax return expense	2,575	2,450
Account holding fees	100	3
	<u>105,995</u>	<u>14,504</u>

NOTE 11: DISTRIBUTION PAYABLE

	2023	2022
	\$	\$
Distribution payable	498,630	6,575
	<u>498,630</u>	<u>6,575</u>

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 12: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2023	2023	2022	2022
	Units	\$	Units	\$
(a) Issued units				
Opening balance	8,000,000	8,000,000	-	-
Units issued	12,000,000	12,000,000	8,000,000	8,000,000
Closing balance	20,000,000	20,000,000	8,000,000	8,000,000

(b) Capital management

The Fund regards total unitholders' interests as capital. The objective of the Fund is to provide unitholders with income-generating and capital growth. The Fund aims to achieve this objective mainly through the interest of the Loan to APH Capital.

The Fund aims to invest to meet the Fund's investment objectives. The Trustee regularly reviews the performance of the Fund, investment and risk management.

NOTE 13: RELATED PARTY TRANSACTIONS

(a) Trustee

The Trustee of the Fund for the financial year was Vasco Custodians Pty Ltd. Fees of \$24,851 (2022: \$10,417) (plus GST) were paid or payable by the Fund to the Trustee for the year.

(b) Investment Manager

The Investment Manager of the Fund is Lincoln Capital (APH) No. 1 Pty Ltd. Fees of \$406,006 (2022: \$1,334) (plus GST) were paid or payable by the Fund to the Investment Manager for the year.

(c) Administration Manager

The Administration Manager of the Fund is Vasco Fund Services Pty Ltd, a related party of the Trustee. Fees of \$15,375 (2022: \$125) (plus GST) were paid or payable by the Fund to the Administration Manager.

(d) Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Trustee, Vasco Custodians Pty Ltd, to manage the activities of the Fund. The Directors of the Trustee are key management personnel of that corporate entity. No compensation is paid directly by the Fund to Directors or to any of the key management personnel of the Trustee. Payments made by the Fund to the Trustee 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.

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

NOTE 15: 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 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 holds investments in loan facility, 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.

(b) Construction and development risk

Investments in the Fund are lent to the Borrower who will be undertaking the development project. There are specific risks associated with these types of development projects, including but not limited to construction or development costs can exceed budgeted costs and the developer may be unable to complete a project unless the developers of the Project can obtain further funds. Funds kept in reserve by developers of the project to complete a project may be insufficient to meet the cost of completion; and a change in market conditions could result in the value of the project on completion being worth less than anticipated, or in lower sale rates and prices than expected.

(c) Property value risk

Property markets are subject to volatility over time and the condition of property markets in which the Fund owns property and other indirect property investments can impact investment returns. Market conditions will be impacted by factors such as the economy, business sentiment, demand for and supply of space, demographic trends and government policy and legislation. The Borrower operates in the property market and there are risks associated with property valuations decreasing due to a downturn in the property market. The downturn of the market may impact the amount of interest distributions and capital returns to Investors.

(d) 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 Trustee 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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 16: FINANCIAL RISK MANAGEMENT (continued)

(e) 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 Trustee.

(f) Interest Rate Risk

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

(g) Legal, Regulatory and compliance risk

Changes in government legislation, regulation and policies generally could materially adversely affect the operating results of the Fund. The operation of a funds management business in Australia is subject to significant regulation by Australian government authorities including without limitation the ASIC, the Australian Transactions Reporting and Analysis Centre, the Foreign Investment Review Board and the Australian Consumer and Competition Commission. There is a risk that the Fund may not comply at all times with its various obligations under government regulations and this may result in the loss of authorisations of the AFSL held by the Trustee thereby preventing the continued operation of the Fund.

NOTE 17: 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

LINCOLN CAPITAL NO.1 FUND
ABN 68 898 745 632

DIRECTORS' DECLARATION

The Directors of Vasco Custodians Pty Ltd, the Trustee, 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 and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors of Vasco Custodians Pty Ltd by:

Craig Dunstan

Craig Dunstan

Director

Date: 15 August 2023