



THE NIGHTINGALE FUND

Albion Investment Option

ABN 66 488 533 532

FINANCIAL REPORT
FOR THE PERIOD ENDED
30 JUNE 2022

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION
TRUSTEE REPORT
FOR THE PERIOD ENDED 30 JUNE 2022**

The Directors of the Trustee, Vasco Custodians Pty Ltd present their report on The Nightingale Fund – Albion Investment Option ('Fund') for the period ended 30 June 2022.

1. Directors

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

Craig Mathew Dunstan

Fiona Jean Dunstan

2. Principal Activities

The Fund was established on 16 February 2021 to pool investors' monies and invest in a loan to a special purpose vehicle related to the Investment Manager of the Fund.

The Albion Investment Option key features are illustrated below:

Open date	31 August 2021
Close date (subject to extension)	1 August 2022
Expected completion date	August 2023
Target return	9.5% p.a.

The Fund issued the first units on the commencement date of 20 September 2021.

3. Operating Results

The operating profit of the Fund for the financial period ending 30 June 2022 was \$572,201.

4. Review of Operations

Since inception the Fund has issued 8,678,347 units.

As at 30 June 2022, the Fund has made a single loan to Nightingale Albion Land Holding Pty Ltd ('Borrower') totaling \$8,666,208. The details of the loan are set out below:

Borrower	Nightingale Albion Land Holding Pty Ltd
Interest rate	9.75% per annum
Interest payment frequency	At maturity
Date of first drawdown	21 st September 2021
Amount of total drawdown	\$8,666,208
Maturity date	31 August 2023

5. Review of Performance

Returns to unitholders are expected to be in accordance with the Information Memorandum dated 31 August 2021.

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION
TRUSTEE REPORT
FOR THE PERIOD ENDED 30 JUNE 2022**

6. Unit Redemption Prices

Unit redemption prices (quoted ex-distribution and exclusive of exit fees) are shown as follows:

	2022 \$
At 30 June	1.00
High during period	1.00
Low during period	1.00

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

7. Distributions Paid or Recommended

In accordance with the Information Memorandum of the Fund, distributions of income will occur within 30 days of receipt of the interest payment and repayment of the loan from the Borrower.

The total distributions paid for the financial period were \$nil.

8. Applications Held

As at 30 June 2022, the value of pending applications was nil.

9. Redemption Arrangements

As detailed in the Fund's Information Memorandum, unitholders have no right to withdraw from the Fund. Unitholders will be compulsorily redeemed by the Trustee at the end of the project, within one month of the receipt of any repayment to the Fund by the Borrower.

10. Options

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

11. Proceedings on Behalf of the Fund

No person has applied to the court for leave to bring proceedings on behalf of the Fund, or to intervene in any proceedings to which the Fund is a party, for the purpose of taking responsibility on behalf of the Fund for all or any part of their proceedings.

12. Value of Scheme Assets

The Gross Asset Value (GAV) of the Fund's assets at the end of the reporting period was \$9,252,548. The Net Asset Value (NAV) at the end of the reporting period was \$8,678,347.

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 period.

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION
TRUSTEE REPORT
FOR THE PERIOD ENDED 30 JUNE 2022**

14. After Balance Date Events

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

15. Future Developments

There are no future 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 period, the Trustee has paid insurance premiums to insure each of the aforementioned Directors as well as officers of the Trustee against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Trustee, other than conduct involving a willful breach of duty in relation to the Trustee.

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

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

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

Fees of \$2,871 (plus GST) were accrued and payable by the Fund to the Trustee for the reporting period. In addition, fees of \$4,785 (plus GST) were accrued and paid by the Fund to the Administration Manager. The Administration Manager is a related party of the Trustee.

Fees of \$1,818 (plus GST) were accrued by the Fund for payment to the Investment Manager for the period.

From 1st January 2022, the Administration & Trustee Fees were paid by the Investment Manager.

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

As at 30 June 2022, the Trustee or Investment Manager and their related parties held no units in the Fund.

19. Interests in the Fund

The movement of units on issue in the Fund during the period is set out in Note 11 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the balance sheet 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, or in certain cases, the nearest thousand dollars.

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION
TRUSTEE REPORT
FOR THE PERIOD ENDED 30 JUNE 2022**

21. Environmental Issues

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

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

Craig Dunstan

Craig Dunstan

Director

Date: 13 September 2022

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022**

	Notes	2022 \$
Revenue and other income		
Bank interest	2 (a)	43
Loan interest income	2 (b)	582,803
Total revenue and other income		582,846
Expenses		
Investment manager fees	3	1,818
Trustee fees	4	2,871
Administration fees	4	4,785
Other expenses	5	1,171
Total expenses		10,645
Net profit attributed to unitholders		572,201
Distribution expense		572,201
Total comprehensive income for the period attributable to unitholders net of distributions		-

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Notes	2022 \$
Current assets		
Cash and cash equivalents	6	2,976
Sundry debtor	7	560
Total current assets		<u>3,536</u>
Non-current assets		
Investment assets	8 (a)	8,666,208
Accrued investment income	8 (b)	582,804
Total non-current assets		<u>9,249,012</u>
Total assets		<u>9,252,548</u>
Liabilities		
Fees payable	9	1,818
Other expenses payable	10	182
Distributions payable	11 (b)	572,201
Total liabilities		<u>574,201</u>
Net assets		<u>8,678,347</u>
Represented by:		
Issued units	11 (a)	8,678,347
Net assets attributable to unitholders		<u>-</u>

The accompanying notes form part of these financial statements

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022**

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

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022**

	Notes	2022 \$
Cash flows from operating activities		
Payments to suppliers		(9,206)
Bank Interest		43
Net cash (used in) operating activities		<u>(9,163)</u>
Cash flows from investing activities		
Payment for the purchase of investment assets		(8,666,208)
Net cash (used in) investing activities		<u>(8,666,208)</u>
Cash flows from financing activities		
Proceeds from the issue of units		8,678,347
Net cash provided by financing activities		<u>8,678,347</u>
Net increase in cash and cash equivalents		2,976
Cash and cash equivalents at the beginning of period		-
Cash and cash equivalents at the end of period	6	<u><u>2,976</u></u>

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial report is for The Nightingale Fund – Nightingale Albion Investment Option ('the Fund'). The Fund is an unregistered managed investment scheme established and domiciled in Australia. The Trustee of the Fund is Vasco Custodians Pty Ltd, and Nightingale Investment Management Pty Ltd is appointed as the Investment Manager of the Fund.

Basis of Preparation

(a) Statement of compliance

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

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. The Nightingale Fund – Nightingale Albion Investment Option is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were approved by the Board of Directors of the Trustee.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following material items in the statement of financial position:

Investment assets are measured at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

(i) Fair value estimation

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

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies

(a) Financial instruments

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

(i) Measurement

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

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

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

Fair value in an active market

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

Fair value in an inactive or unquoted market

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

(ii) Categorisation

The Fund's investments are categorised as follows:

Cash and cash equivalents

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

Financial liabilities and equity

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

Issued units

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

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

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Goods and services tax (GST)

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

(c) Income tax

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

(d) Critical judgements and significant accounting estimates

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

(e) New accounting standards and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, 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.

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

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

NOTE 2: REVENUE

The Funds revenue may be analysed under the following categories

(a) Bank interest

	2022
	\$
Macquarie Bank	43
	<u>43</u>

(b) Loan interest income

	2022
	\$
Loan interest income	582,803
	<u>582,803</u>

NOTE 3: INVESTMENT MANAGER FEES AND PERFORMANCE FEE

	2022
	\$
Investment management fees	1,818
	<u>1,818</u>

The Investment Manager will not be charging any ongoing management or performance fees. The Investment Manager will only earn a residual return fee calculated as the difference between the target return offered to investors and the interest rate on the loan less fund fees and costs.

The Investment Manager has agreed to fund the payment of the Fund's fees and expenses, until such time as, in the opinion of the Trustee, they are able to be paid from the income generated by the Fund. Only where the Investment Manager fails to provide this funding to the Fund will the amounts be paid out of the Fund's remaining assets.

NOTE 4: TRUSTEE AND ADMINISTRATION FEES

	2022
	\$
Trustee fees	2,871
Administration fees	4,785
	<u>7,656</u>

In accordance with the Information Memorandum of the Fund, the Trustee is entitled to receive:

- Annual trustee fee of up to \$35,000 (plus GST) payable monthly.
- A regulatory levy fee of \$1,000 plus \$60 (plus GST) per \$1m of gross asset value payable annually.
- A document review and execution fee of \$150 for each set of loan documents

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

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

NOTE 4: TRUSTEE AND ADMINISTRATION FEES (continued)

The Administration Manager is entitled to a fee of:

- \$10,000 where there are less than 25 unitholders
- an Annual Investment Option Administration Fee of \$5,000 per annum to administer each Investment Option of the Fund after the first.

Administration fees are calculated daily and payable monthly in arrears from acceptance of the first Investor into the Fund and subject to an annual increase of 5% on the 1st of January of each .

Trustee fees and administration fees above are pro-rata across each investment option of the Fund, based on their gross asset value.

From 1 January 2022, the Administration & Trustee Fees were paid by the Investment Manager.

NOTE 5: OTHER EXPENSES

	2022
	\$
Other administration expenses	136
Regulatory levy fee	703
GST expense	332
	<u>1,171</u>

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank	2022
	\$
Macquarie Bank	2,976
	<u>2,976</u>

NOTE 7: SUNDRY DEBTOR

	2022
	\$
RITC receivable	560
	<u>560</u>

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

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

NOTE 8: INVESTMENTS

(a) Investment held

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

	2022
	\$
Loan: Nightingale Albion Land Holding Pty Ltd	8,666,208
	8,666,208

(b) Accrued investment income

	2022
	\$
Loan: Nightingale Albion Land Holding Pty Ltd	582,803
Total accrued investment income	582,803

NOTE 9: FEES PAYABLE

	2022
	\$
Investment manager fees payable	1,818
	1,818

NOTE 10: OTHER EXPENSES PAYABLE

	2022
	\$
Other accrued expenses	182
	182

NOTE 11: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units

	2022 Units	2022 \$
Opening balance	-	-
Redemptions	-	-
Units issued – applications	8,678,347	8,678,347
Units issued – reinvestment of distributions	-	-
Closing balance	8,678,347	8,678,347

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

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

NOTE 11: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

(a) Issued units (continued)

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

(b) Undistributed profit attributable to unitholders

	2022
	\$
Net operating profit attributable to unitholders	572,201
Distributions payable	(572,201)
Closing balance	-

Total distributions payable for the financial period were \$572,201.

(c) Capital management

The Fund regards total equity as capital. The objective of the Fund is to provide unitholders with income distributions. The Fund aims to achieve this objective mainly through investing in a portfolio of loans to SPVs related to the investment manager of the Fund.

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

NOTE 12: RELATED PARTY TRANSACTIONS

The Fund's related parties include those described below.

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

(a) Trustee

The Trustee of The Nightingale Fund – Nightingale Albion Investment Option is Vasco Custodians Pty Ltd.

Fees of \$2,871 (plus GST) were accrued and payable by the Fund to Vasco Custodians Pty Ltd for its role as Trustee for the period, of which \$158 is claimable by the Fund as RITC.

(b) Investment Manager

The Investment Manager of the Fund is Nightingale Investment Management Pty Ltd. Fees of \$1,818 were accrued during the period as the difference between the target return offered to investors and the interest rate on the loan less fund fees and costs.

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

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

NOTE 12: RELATED PARTY TRANSACTIONS (continued)

(c) Administration Manager

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

Administration fees of \$4,785 (plus GST) were accrued and payable by the Fund to Vasco Fund Services Pty Limited for its role as Administration Manager of the Fund, of which \$359 is claimable by the Fund as RITC.

Vasco Fund Services Pty Limited is a related party of the Trustee.

(d) Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Trustee, Vasco Custodians Pty Ltd, and an Investment Manager, Nightingale Investment Management Pty Ltd, to manage the activities of the Fund.

The Directors of the Trustee and Investment Manager are key management personnel of those corporate entities. No compensation is paid directly by the Fund to Directors or to any of the key management personnel of the Trustee or Investment Manager. Payments made by the Fund to the Trustee and Investment Manager do not specifically include any amounts attributable to the compensation of key management personnel.

NOTE 13: CONTINGENT LIABILITIES

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

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

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

NOTE 15: FINANCIAL RISK MANAGEMENT

(a) Liquidity risk

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

The Fund holds investments in property loans, which are not considered to be assets that are readily realisable.

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

(b) Credit risk

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

The Investment Manager manages the exposure to credit risk on an ongoing basis.

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

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

NOTE 15: FINANCIAL RISK MANAGEMENT (continued)

(c) Development and construction risk

Investments in the Fund will be lent to the Borrower who owns the land on which the Project will be developed. These risks may include the inability to obtain appropriate or sufficient government planning approval to undertake a successful development of a property; the risk of costs overruns and costs to complete any construction work may be more than forecast and additional capital or finance may need to be sourced.

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

NOTE 16: 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

**THE NIGHTINGALE FUND
ALBION INVESTMENT OPTION**

DIRECTORS' DECLARATION

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

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

Signed in accordance with a resolution of the Directors.

Craig Dunstan

Craig Dunstan

Director

13 September 2022