Australian Unity Real Wellbeing

Australian Unity

Childcare Property Fund

October 2022

Mark Delaney | Fund Manager

Fletcher Bubb | Portfolio Analyst

Images used are real estate assets owned by the Fund, due for settlement or currently under exclusive due diligence (including artistic impressions of assets in, and proposed for, development). Images of play equipment and loose furniture are typically tenant property.

Contents

Executive Summary

156 Aberdeen Street, Northbridge, Perth WA

Fund Snapshot

A fund focused on stable secure income, capital growth and social impact to the wellbeing of Australians through direct investment into childcare real estate

Purpose

Financial: To provide investors with stable and secure income with capital growth predominantly through direct investment into childcare real estate of established centres and delivery of new assets

Non-financial: To enhance the wellbeing of Australians through contribution to the quality of Australian childcare centres and early childhood education and care

11 properties
settled or due to settle[1]
$60.5 million
in value[2]

6 properties
in exclusive due diligence
$37.2 million
in value[2]

$185 million
Value of properties under preliminary review[2]

Portfolio occupancy
100%
WALE
14.3 years

Forecast stabilised distribution yield
5.0–5.5%

Forecast portfolio
IRR 8.0 to 9.0%[3]

Social Impact Investing Mandate

Wholesale
unlisted
Quarterly
distributions

1. The Redwood Park, Athelstone and East Victoria Park assets are due to settle in 4Q22
2. Value reflects the as if complete valuation of assets
3. Calculated for a 10 year period

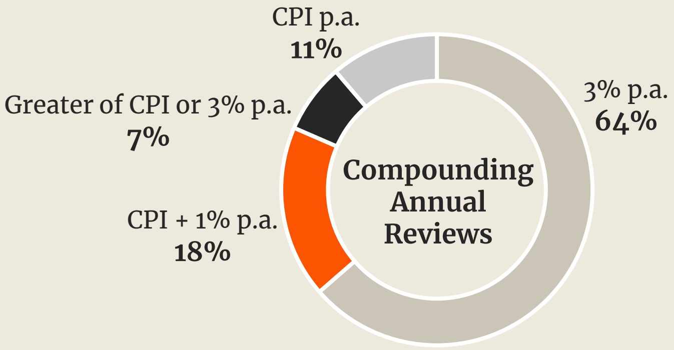
Portfolio Summary

Assets settled, exchanged and in exclusive due diligence

Portfolio parameters	
WALE	14.3 years
Total value ($m)[1]	$97.7
Forecast Weighted Average Cap. Rate	5.53%
Number of centres	17
Number of operators	6
Number of child places	1,582

Portfolio status		
State	Value of assets ($m)[1]	
	Settled/due to settle	Exclusive DD
VIC		7.7
WA	11.8	6.5
QLD	32.8	17.1
TAS	4.4	
ACT		5.9
SA	11.5	
Total	**60.5**	**37.2**

Portfolio Lease Review Structure



1. Value reflects the as if complete valuation of assets

Why Invest?

Australian Unity
Real Wellbeing

Childcare is a defensive investment supported by the Government, providing stable social infrastructure returns

Stable, predictable returns
through economic cycles with quarterly distributions

Strong Government support
key social infrastructure with a Federal Budget commitment of $10.7 billion in FY2023

Quality
tenant covenants and diversified geographies

Long WALE
lease terms

Strong
underlying real estate value

Direct
investment exposure being an unlisted fund

Investor value
without a listed market premium

Expected lower volatility
than the listed market

Stable industry conditions
industry revenue of $13.8 billion[1] growing at a forecast 3.4% p.a.[2]

Strategic relationships
Australian Unity's strategic network as a social infrastructure leader

Social impact investing credentials
improving early education and development outcomes

1. IBIS Child Care Services in Australia August 2021
2. IBIS Child Care Services in Australia January 2020

Key Fund Details

Purpose	**Financial:** To provide investors with stable and secure income with capital growth predominantly through direct investment into childcare real estate of established centres and delivery of new assets **Non-financial:** To enhance the wellbeing of Australians through contribution to the quality of Australian childcare centres and early childhood education and care
Type of fund	Registered Wholesale Unlisted Fund
Forecast distribution returns[1]	FY2023-24 ~3.5% p.a. FY2025-26 ~4.6% p.a. FY2027-28 ~5.2% p.a. FY2029-31 ~5.9% p.a.
Forecast return on equity (IRR)	8.0 - 9.0%[2]
Distributions	Quarterly
Term	5-year initial term to FYE 2027 Intention is to be renewed for an additional term subject to investor vote
Liquidity	Liquidity Facility available at the end of financial years 3 and year 5, being FYE 2025 and FYE 2027

1. Includes estimated differed income tax credits.
2. Post-fees, includes 10-year terminal value of property assets, includes estimated differed income tax credits.

Key Fund Details

Target fund size (AUM)	$250 million within 3 years. No cap on growth.
Portfolio WALE	14.3 years
Target Gearing	30%–45%
Debt	CBA has approved a $20.0 million facility with the ability to grow
Target equity raise (fully paid units)	$25.0 million
Investment type and amount	Wholesale Investors $50,000 minimum investment amount
Estimated Application Price	$1.02 per one unit in the Fund (including buy spread)
Capital raise period	From 1st October 2022 to 30th November 2022

Forecast Financials

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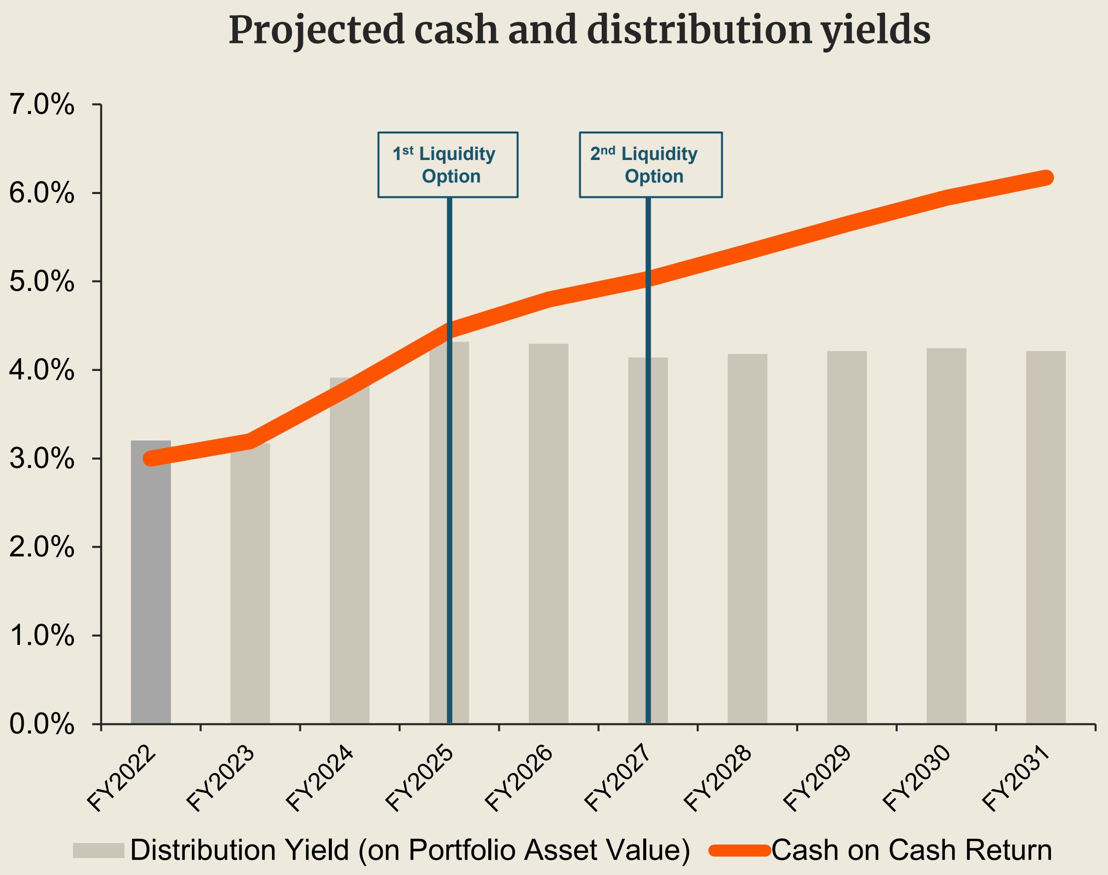
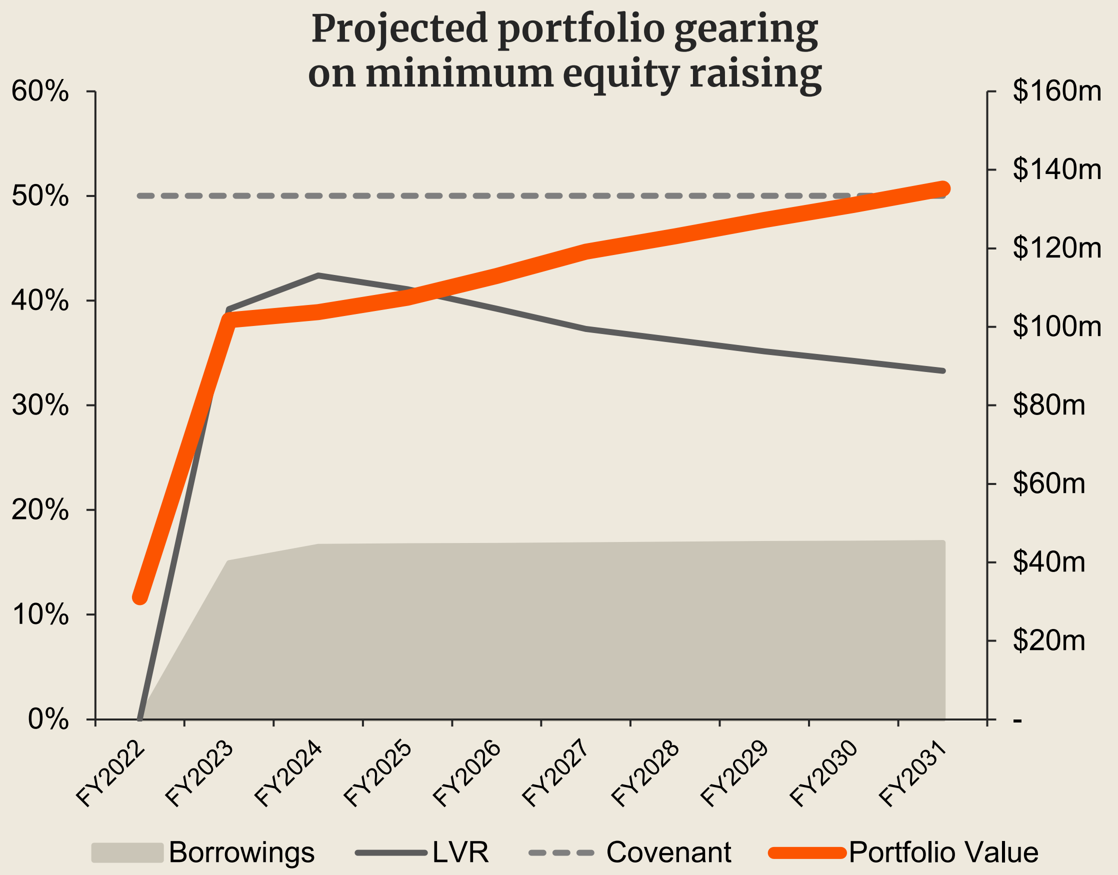
Projected financial returns on assets settled, exchanged, in exclusive due diligence and maintaining conservative gearing and debt levels*



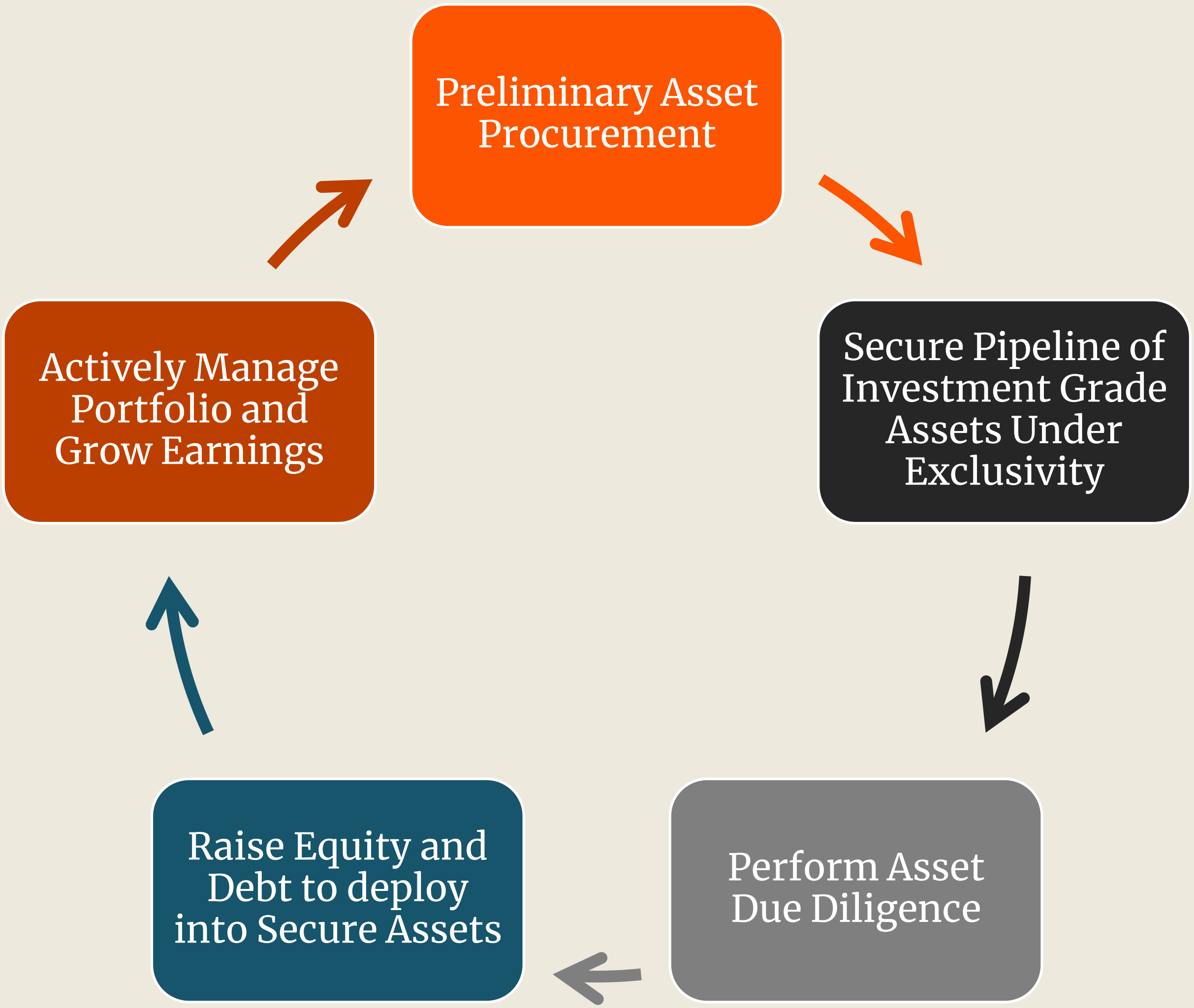


* All returns quoted post-fees. Includes estimated differed income tax credits

Portfolio Growth Approach

Investor Value Creation through

- Optimal Capital Efficiency
- Reduced Investor Dilution
- Active Portfolio Curation
- Sensitive use of Debt



Portfolio Growth Approach

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Value of Properties Under Preliminary Review
$185 million

Properties in Exclusive Due Diligence
6 properties
$37.2 million

Current Portfolio
11 properties
$60.5 million

Notes:
- Dollar values reflect the sum of the estimated as if complete valuation of assets
- Current Portfolio includes the Redwood Park, Athelstone, East Victoria Park and Sinnamon Park assets

About Australian Unity

Australian Unity at a glance

Australian Unity
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Services in Health, Wealth & Care	260,000 members & 700,000 customers	Employs more than 7,000 people across operations; over 2,300 outside major metro areas	Delivers over 3m episodes of care per annum (in addition to residential communities)
21 retirement communities with 2,496 independent retirement units and 786 aged care beds	$24.2bn Assets & Funds under management (includes Advice & developments and associated debt facilities)	Strong growth in a bank that seeks to deliver benefits beyond the product itself	Remedy treatments saved 50,000 hospital days & $37m in healthcare costs in FY20
$8.2m FY20 investment in Indigenous communities (via direct employment & contracting with suppliers)	$40m Specialist Disability Fund delivering 100 beds over 2 years	21 years investing through Healthcare Property Trust, $2.3bn of assets	$0.6b real estate development pipeline (across Healthcare Property Trust and Herston Quarter)

Mutual with a commitment to members, customers and community

Established in 1840, Australian Unity is Australia's first member-owned wellbeing company, our current form created by the merger of two of Australia's largest and well-known mutuals; the Australian Natives' Association and Manchester Unity in 1993

As a mutual we invest our profits directly back into our business to help us continuously improve services and support we provide our members, customers and community and are actively seeking to develop our governance under an explicit community framework

Our status as a member-owned mutual is core to our identity and 180 year heritage and our conviction in the mutual model has only strengthened in recent years

Australian Unity Real Estate Investment

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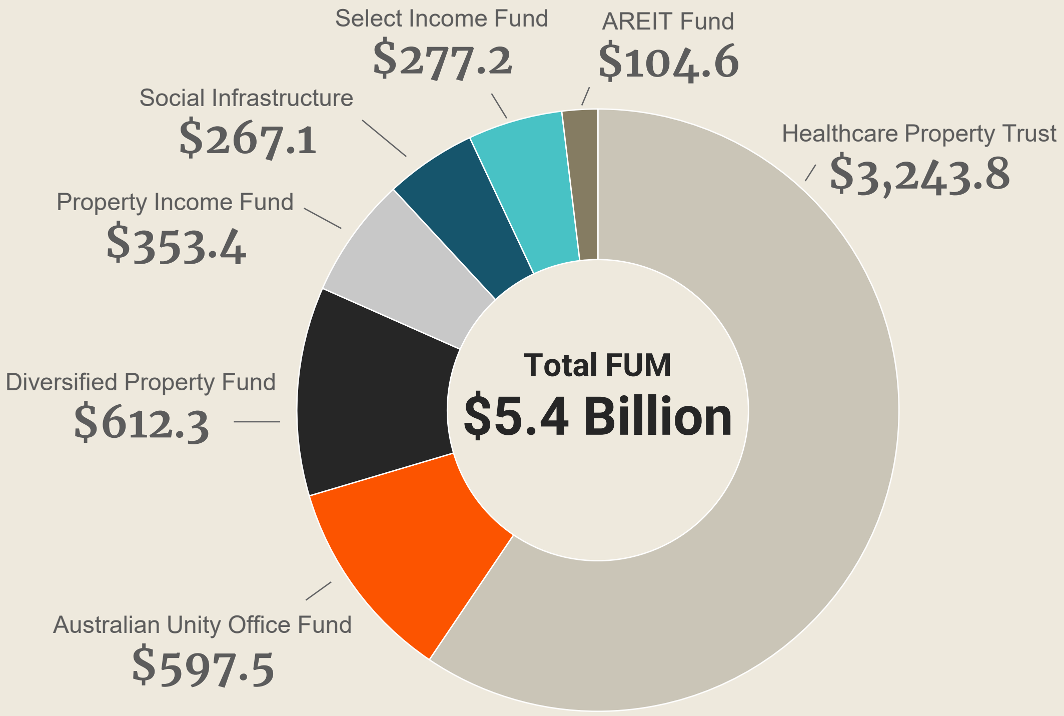
A deeper perspective, delivered straight

- A comprehensive real estate platform, established 1998
- **$5.4 billion** of real estate funds under management (FUM) as at 31 March 2022
- Managing more than **100 properties** across the healthcare, accommodation, retail, industrial and office sectors across Australia
- Deep expertise with **60+** specialist staff as well as support from the wider Australian Unity Group
- Diversified offering of listed and unlisted property funds
- Master developer for the **$1.1 billion** Herston Quarter redevelopment in Brisbane
- Australia's largest healthcare property fund



Awards

Childcare Sector Investment Thematic

Childcare Industry Overview

Australian Unity
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Core social infrastructure, with stable growth

$13.8 billion p.a.
industry revenue (average growth of 2.2% p.a. FY17 to FY22)[1]

3.4% p.a.
forecast annual revenue growth 2020-25[2]

8,550
total national long day care centres[3]

24.1 million hours
of long day care per week[3]

783,000 children
using long day care[3]

579,000 children
Using other methods of care[3]

650,000 families
using long day care[3]

422,000 families
using other methods of care[3]

Quality Assurance and Auditing
Government National Quality Standards provide audited regulation on Centres, Operators and Educational Outcomes[4]

1. IBIS Child Care Services in Australia August 2021
2. IBIS Child Care Services in Australia January 2020
3. Source: Department of Education, Skills and Employment, June 2021
4. NQS is implemented by ACECQA.

Early Learning Demand Drivers Summarised

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Core social infrastructure, with stable growth

Population growth
of 0-5 year olds is forecast to continue

Family participation
continues to increase

Childcare usage continues to grow
but we are still behind OECD Peers

Government Support
of childcare is budgeted to increase

Australia is behind the OECD average
in terms of participation, usage and Gov't expenditure

Childcare operation & ownership is fragmented

Refer to sources on pages 18 to 20.

Australian Unity
Real Wellbeing

Early Learning Demand Drivers

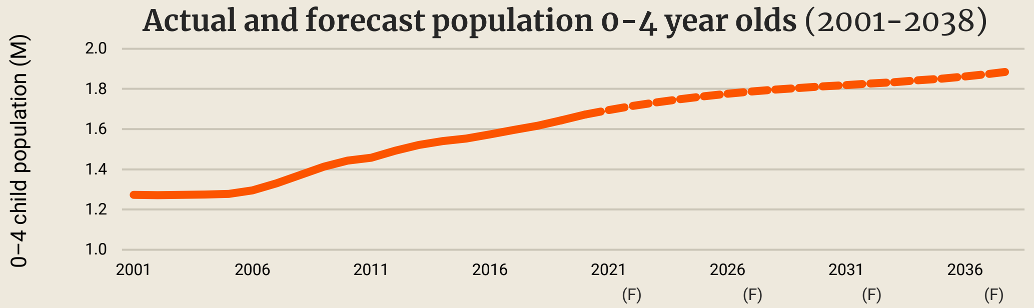
Stable socio-economic fundamentals support long-term growth

Population growth

- By 2030 it is forecast there will be 220,000 more pre-school children (0–4 year olds) growing at a rate of ~1.0% annually[1,2]
- Covid has had a minimal effect on the 0–4 year old population reducing it by ~39,000 to June 2021[2], with approximately a third of this due to a lower birth rate.

1. ABS, Forecast data produced by .id as part of SAFi, Small Area Forecast information
2. ABS, June 2021

Chart source: ABS, Forecast data produced by .id as part of SAFi, Small Area Forecast information

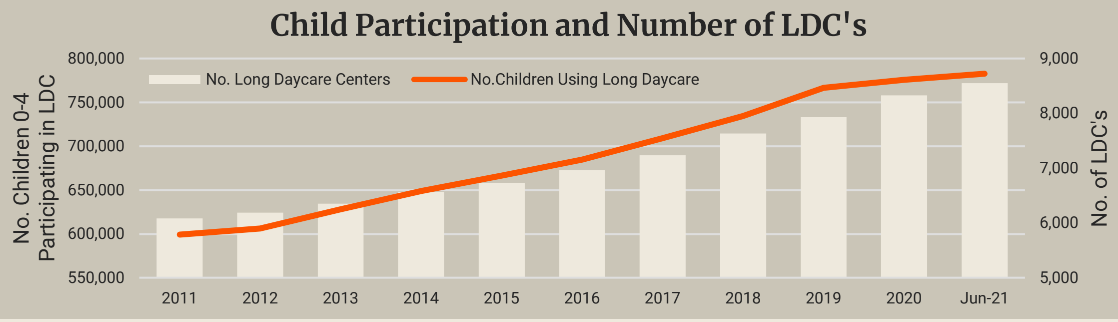


Participation rate

- The childcare sector has remained resilient through the global pandemic. After initial challenges experienced in early 2020 the Department of Education has reported that child attendance at centre-based day care has returned to pre-pandemic levels.
- Overall usage of LDC increased by 6.0% in the 2 years since June-19 to June-22 (~44,000 children)[3]

3. Department of Education, Skills and Employment.

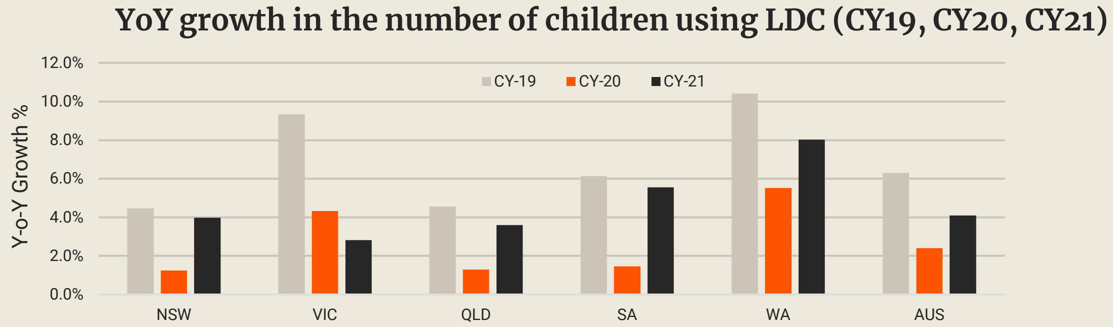
Chart source: Department of Education, Skills and Employment



LDC usage

- Usage hours have grown by 10% since March 2015 to an average of 30 hours per week per child. This is still ~4-5 hours less than similar OECD countries.
- Usage continues to grow in all states, with positive growth through the pandemic in 2020-22.
- WA continues its higher trend growth rate, catching up to the child participation of other states.

Chart source: Department of Education, Skills and Employment



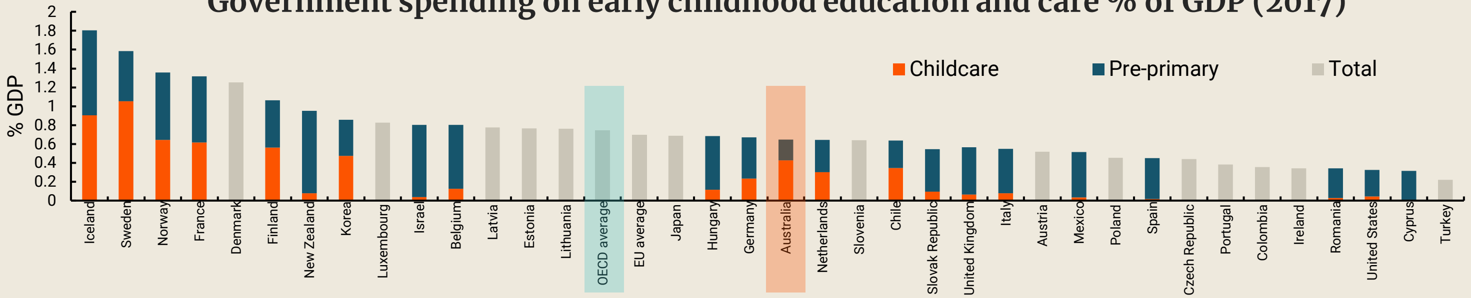
Australian Unity
Real Wellbeing

Early Learning Demand Drivers

Australia is improving its standing in the OECD context

- Australian Government expenditure on early childhood education has been historically less than our OECD peers

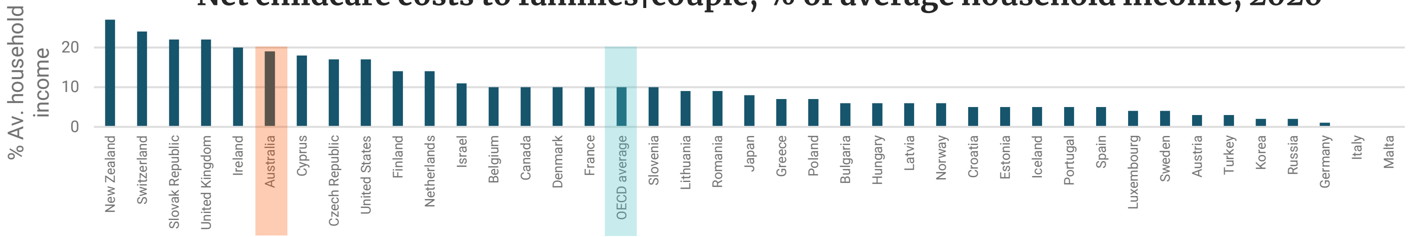
Government spending on early childhood education and care % of GDP (2017)



Source: OECD Social Expenditure Database 2017

- Australian Families pay a greater share of household income for childcare

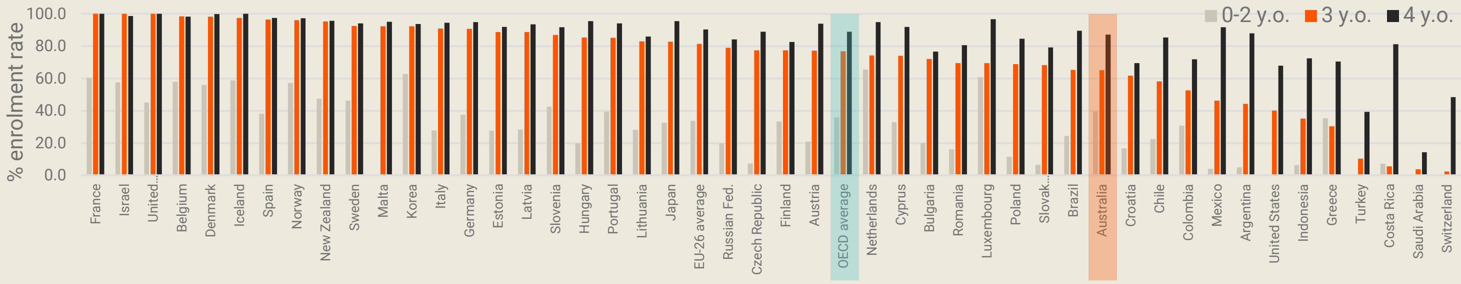
Net childcare costs to families|couple, % of average household income, 2020



Source: OECD Net childcare costs (indicator) 2022

- Australian enrolment rates are significantly less than our OECD peers

Enrolment rates in early childhood education and care services 2018-2019



Source: OECD Family Database 2019

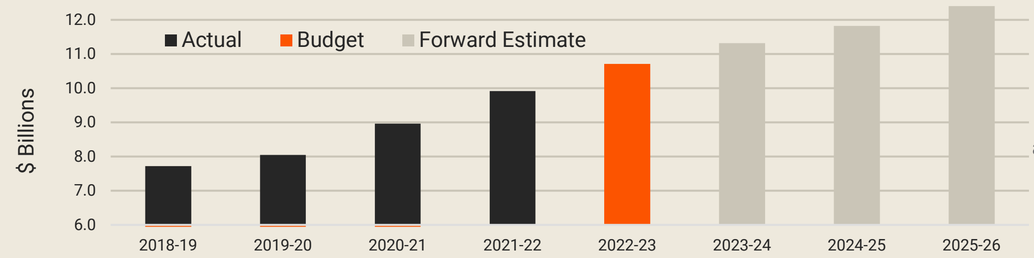
Early Learning Demand Drivers

Government support for economic and social dividends

- The benefits of quality early learning are well documented with the Federal Government recognising this and progressively contributing more resources to this sector. Benefits include:
  - Increasing GDP
  - Increased labour force participation
  - Government Tax Revenue generation
  - Reduced reliance on social welfare
  - Educational outcomes and improved living standards
- Budgeted Government funding for the childcare system is $10.7 billion in FY2023 [1] and will support families by:
  - removing the annual cap of $10,655 p.a. per child
  - lifting the potential subsidy to 95% for families second child[1]
- The new funding measures are a major component of the Federal Government's Women's Economic Security Package
- The removal of the annual subsidy cap and the increased support for multiple-child families are the sensible next step in providing greater work options for parents and reducing work disincentives.[2]

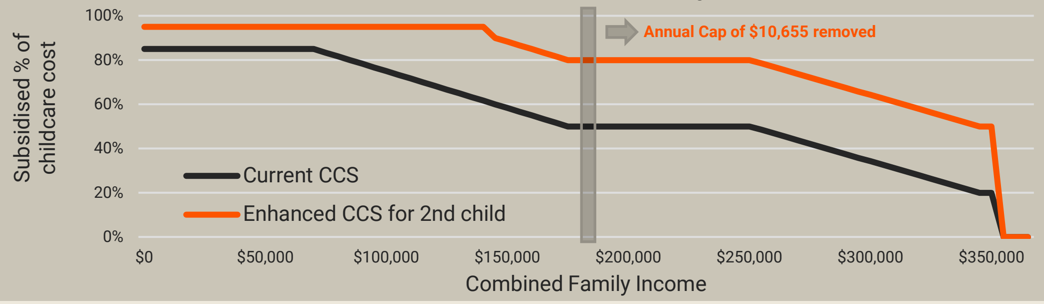
1. Department of Education, Skills and Employment Budget 2022–23
2. Parliament of Australia Child Care Subside changes Budget Review 2021-2022 index.

Government expenditure – childcare subsidy



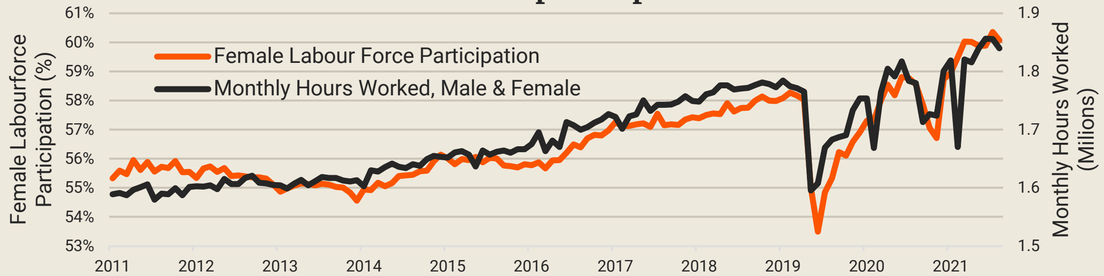
Source: Department of Education, Skills and Employment, Portfolio Budget Statements 2018–2023

Childcare subsidy



Source: Australian Government Parliament: Budget Review 2021–22

Workforce participation



Source: ABS

Operator and Asset Owner Market Share

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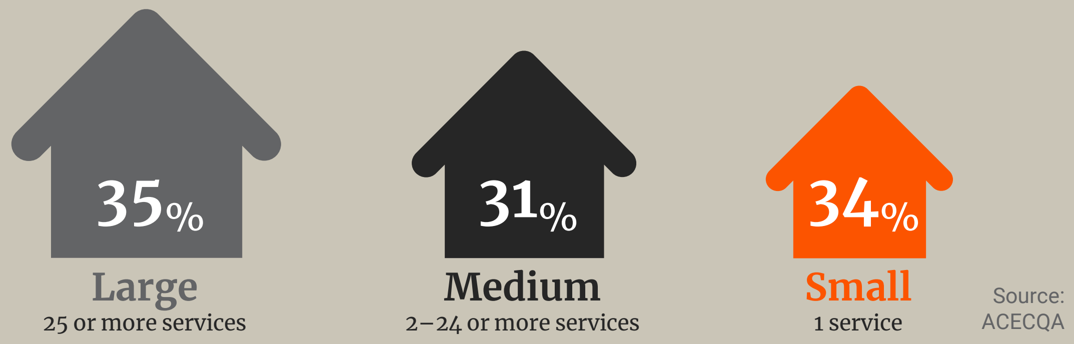
Highly fragmented sub-sector of social infrastructure

Childcare operators

- **35%** of approved services are operated by large providers, while **65%** of services are operated by small-to-medium providers[1]
- The industry is split **~50:50** between not-for-profit and for-profit (listed and private) operators[1]

1. Measured for all licensed types of early education. Source: ACECQA, NQF Snapshot Q2 2022

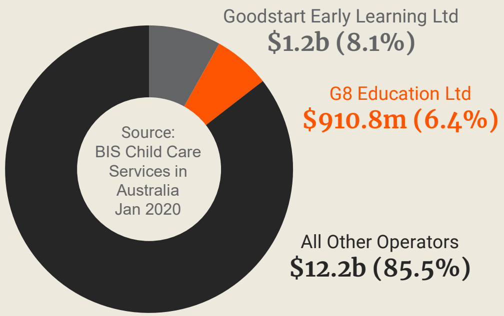
Operator share of approved services



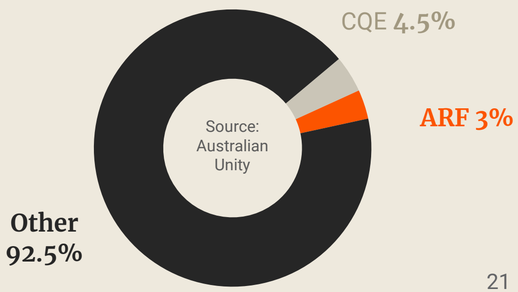
Childcare asset ownership

- Ownership of long day care centres is fragmented with the two largest owners owning **~7.5%** of the market. These owners were created out of the ABC Learning liquidation, and have since grown
- Institutional consolidation of the sector is ongoing, however is competitive with the private sector for stabilised assets **<$7.5m** in value

Major operator share of industry revenue 2020



Ownership share of long day care properties



Property Investment Drivers

Growing sector of Social Infrastructure

- Long WALE, typically triple net leases, providing stable income
- Sustainable, industry standard lease terms to ensure operator success and flexibility
- Solid yielding, low terminal risk, liquid asset type and multiple exit strategies
- Quality centres in low supply and low substitutability
- Opportunity for institutionalisation and consolidation improving investment returns and earnings growth
- Childcare is an essential service with critical Government support and quality auditing through the NQS
- Social impact value though the provision of quality childcare

Fund Attributes & Forecast Financials

18 & 20 Pine Street, Runcorn Brisbane QLD

Key Attributes

Australian Unity is uniquely positioned to lever its institutional social infrastructure platform to be a leading participant in childcare

Childcare attributes

- Increasing participation rates and demand for childcare services
- Bi-partisan Government support
- Educational and resultant social and economic benefits
- Sound industry conditions for operators
- Positively contributing to economic growth and Government tax revenue

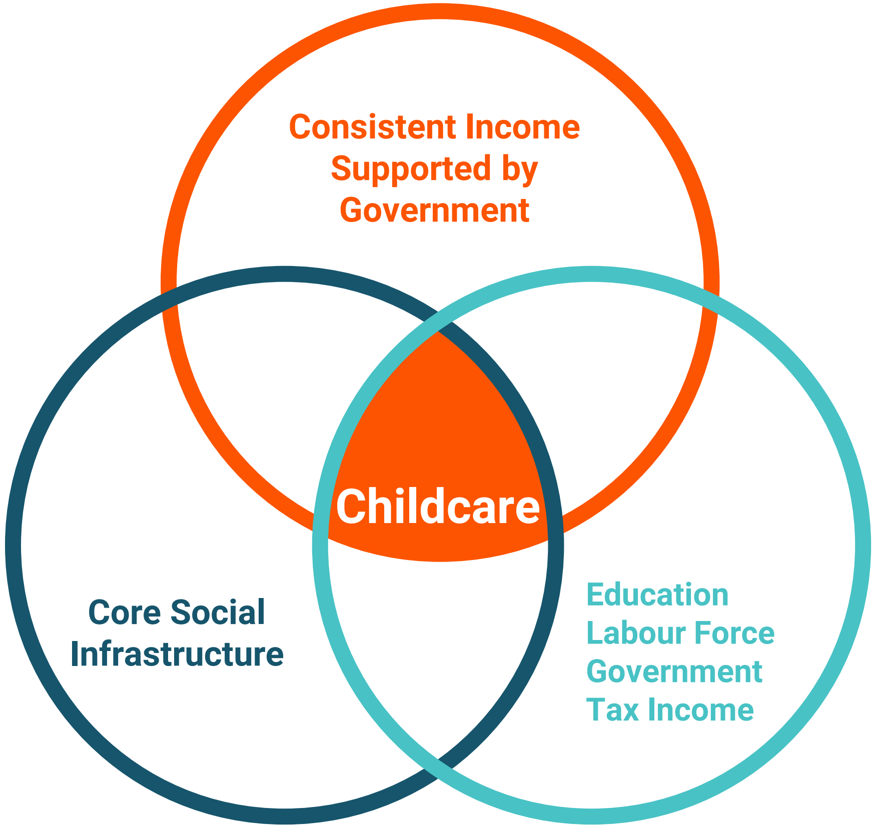
Property attributes

- Strong tenant covenant and goodwill
- Long WALE, recoverable outgoings, limited incentives, annual rent reviews
- Good underlying land value in high demand locations
- Specialised with low substitutability, localised competition
- High demand, relatively liquid asset class

Defensive investment

Childcare is a defensive investment supported by the Government, providing stable social infrastructure returns

Downside factor	Childcare market
Economic downturn	• Childcare sector is relatively less volatile than other property sectors, such as office • Childcare rental payments are indirectly underwritten by the Government Child Care Subsidy (CCS) • Bipartisan Government support for Childcare is growing
Potential oversupply	• Compared to OECD countries Australia has a relative undersupply of childcare • There are 3.2 children (0-5 y.o.) for every 1 licensed childcare place in Australia[1] • Industry barriers to entry make the supply of new childcare centres very difficult
Operator insolvency	• Operators are now heavily regulated through ACECQA and Accounting Standards • The Fund's portfolio has a diversified tenant register to typical national operators • The Fund's properties are generally in high demand locations, dominating catchments, which could be readily re-leased to alternative operators should the need arise
Vacancy rates increase	• Childcare demand from families is largely independent of economic conditions • Child participation is growing and directly funded through the CCS (low counterparty risk) • Tenants 'sticky' due to quality centres in low supply and low substitutability
Rents decrease	• Rent growth is typically linked to CPI or fixed at 3.0% per annum • Long lease terms of generally 15 years initial term plus two 5–10 year options • Tenants generally request to renew their leases 2-3 years prior to maturity to secure their business occupancy, despite option exercise periods under the lease
Property values decrease	• Childcare real estate is expected to continue its stable returns • As the sector matures and attracts institutional support, investment yields are expected to tighten



1. Source: Australian Unity, Gapmaps 2022

Forecast Financials

Projected financial returns on assets settled, exchanged and in exclusive due diligence*

		Actual FY22[2]	Forecast FY23	Forecast FY24	Forecast FY25	Forecast FY26	Forecast FY27	Forecast FY28	Forecast FY29	Forecast FY30	Forecast FY31
Cash on cash return											
Distributions paid[1]	$'000	703	1,971	2,348	2,744	2,960	3,104	3,293	3,487	3,670	3,811
Contributed equity (net of equity recaps)	$'000	52,230	61,730	61,730	61,730	61,730	61,730	61,730	61,730	61,730	61,730
Cash on cash return[1]	% p.a.	3.0%[3]	3.20%	3.80%	4.44%	4.80%	5.03%	5.33%	5.65%	5.95%	6.17%
Distribution yield											
Net asset value (NAV)	$'000	42,487	62,114	60,013	63,547	68,920	74,926	78,754	82,770	86,455	90,462
Distribution yield on NAV including tax credits[1]	% p.a.	3.2%	3.17%	3.91%	4.32%	4.30%	4.14%	4.18%	4.21%	4.25%	4.21%
Loan to value ratio (LVR)											
Borrowings	$'000	-	39,852	44,008	44,148	44,289	44,430	44,574	44,720	44,868	45,019
Property Portfolio Value	$'000	31,138	101,715	103,770	107,445	112,958	119,105	123,077	127,240	131,073	135,231
LVR	%	0.00%	39.0%	42.4%	41.0%	39.2%	37.3%	36.2%	35.1%	34.2%	33.3%

* All returns quoted post-fees and based on the assumptions as set out in the Appendix

1. Includes forecasted income tax credits
2. FY22 refers to the period from 15 November 2021 to 30 June 2022 and has been annualised to reflect the equivalent of a full year return.
3. Calculated as the Weighted Average Annualised returns across multiple unit issuances.

Opportunity for Investment

Opportunity for Investment

Investment commitments are now being filled

Equity raise (fully paid units)	$25.0 million
Investment type and amount	Wholesale investors $50,000 minimum investment amount
Estimated Application Price	$1.02 per one unit in the Fund (including buy spread)
Capital raise period	From 1st October 2022 to 30th November 2022
Subsequent equity raises	Future equity raises will be conducted on a strategic basis to: • maximise existing investor returns and maintain unit price value • match funds with acquisition opportunities • maintain conservative gearing levels • stabilise the Fund's earnings profile

Appendix

156 Aberdeen Street, Northbridge, Perth WA

Childcare Investment and Social Impact Investing Credentials

18 & 20 Pine Street, Runcorn Brisbane WA

Childcare Impact Investing Credentials

Social Impact Investing Mandate

Increased economic activity
through female workforce participation
and economic empowerment

Early childhood education
during the most influential developmental stage of life

Environmentally friendly
design
and energy consumption

Promotion
of good health
and wellbeing

Sustainable
design, business operation and governance

Partnership of Choice and Change

Australian Unity strives to be a 'childcare accommodation provider of choice.' This is achieved by pursuing mutually beneficial outcomes, being empathetic to the challenges faced by tenant partners and acting fairly with integrity to uphold Australian Unity's commercial values.

Our typical lease structure means tenant partners maintain operational control of the Fund's properties. Given the sensitive environmental and social footprint of the properties, we only partner with quality tenants that align with Australian Unity's organisational values. This ensures the delivery of high quality early childhood education and care, and enables the implementation of mutually beneficial initiatives such as refurbishment to centres and energy optimisation.

Fund ESG Roadmap and Actions

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We are investing in better environmental outcomes for the Fund, addressing climate change adaptation and resilience, health and well-being, and governance

Establish best-practice asset governance

Establish and implement an ESG Strategy for the Fund; resulting in reporting, measurement and verification.

Deliver positive environmental outcomes

Improved asset operations, implementing efficiency and emissions reduction initiatives through electrification and delivering renewables.

Sustainable materials and design

Transition to low embodied carbon materials where possible. Integration of biophilia.

Tenant engagement, monitoring & support

Engage with tenants on sustainability initiatives. Monitor Tenant ACECQA audits and results.

Climate change, resilience and adaptation (CCRP)

incorporate CCRP in asset acquisition consideration and extension of asset economic life.

Engagement with EcoSave

The Fund is engaged with EcoSave undertaking an audit, technical assessment, energy optimisation feasibility and implementation on all of the individual assets in the Fund. This involves:

- Roof-top Solar PV system design and best size - review based on site usage, roof orientation and footprint,
- Energy storage feasibility and sizing based on individual site usage and excess solar generation,
- Current lighting audit and LED Lighting upgrade luminaire recommendations,
- Electrical hardware review: metering (consumption smart meter), electrical boards, connection points,
- Capital investment and annual returns (IRR, NPV, Payback, ROI) feasibilities,
- Implementation works to deliver the optimal electrification, delivering renewables, reducing consumption and emissions.

Asset Acquisition Process

10 Evans Street, Pittsworth QLD

Asset Acquisition Process & Competitive Advantage

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Advanced Catchment Due Diligence Assessment including Socio-demographic and detailed Geo-mapping of Forecast community profiles to assess the future demand of childcare

Catchment analysis - Supply : Demand
Forecast ratio of 0–4 year olds to licensed childcare places generally > 3:1

Location amenity analysis
SEIFA[1] rating > 4+, demand generators, geographical assessment

Socio-demographics analysis
No. families and children, household income profiles

Full competitor analysis
Existing and planned centres, operator quality

Optimal Asset
Centre size 80–130
Capital improvements
ESG

Decision Making Supported by Advanced Analysis

Market Data from:
JLL, Colliers, Burgess Rawson, Internal AU

Catchment Geo-Mapping
GapMaps, Nearmap

Support From
Third Party Demographers

Home Ground Advantage
National Tenant Partnerships sharing data and real-world qualitative operational insights

Target Headline Financials

Rent:
11–15% of Operator maintainable gross revenue

Minimum property yield:
> 5.0%+

Commencing WALE
of 15 years

No ongoing incentives

1. ABS - Socio-Economic Indexes for Areas

Key Personnel

18 & 20 Pine Street, Runcorn Brisbane QLD

Key Personnel

Australian Unity
Real Wellbeing

Mark Delaney, Fund Manager – Childcare Property Fund

Mark is a senior member within the Social Infrastructure team and Fund Manager overseeing the growth of the Childcare Property Fund.

Prior to joining Australian Unity, Mark was a director of a property advisory firm focusing on acquisition and delivery of retail and childcare assets. In this role, Mark has undertaken a number of childcare developments within Queensland and Victoria with leading childcare operators including Busy Bees, Eclipse and Genius Early Learning. These roles incorporated the full development cycle, acquisition, lease negotiations, delivery and disposal of assets.

Mark has also held senior roles at organisations including Mirvac, Woolworths, Frasers and Vicinity. In these roles Mark was responsible for the origination and delivery of development opportunities across varied sectors.

Mark is a registered Property Valuer having graduated from the University of Western Sydney with a Bachelor of Business (Land Economy).

Key Personnel

Fletcher Bubb, Portfolio Analyst – Childcare Property Fund

Fletcher's experience covers institutional and corporate structured property investment, banking and funds management, working across the full debt – equity spectrum in connection with asset acquisition, development and construction and portfolio management.

Fletcher has deep experience working in social infrastructure around Australia, previously holding roles with Folkestone, Charter Hall and consulting on Government, justice and immigration assets.

Across his working career, Fletcher has looked to apply technical and analytical capability, experience to transaction structuring, capital risk management and curation to maximise stakeholder returns.

Fletcher holds a Bachelor in Economics and Econometrics.

Key Personnel

Ryan Banting, Executive General Manager Social Infrastructure

Ryan joined Australian Unity in 2011. As the Head of Social Infrastructure, Ryan is responsible for the growth of Australian Unity's investment activities across assets including disability accommodation, student accommodation, retirement villages, and aged care. Ryan led the Australian Unity bid team that was appointed as the Master Developer by the Queensland State Government for the $1.1 billion redevelopment of Herston Quarter, which involves delivering multiple social infrastructure assets.

Prior to his current role, Ryan was Head of Portfolio Management for Australian Unity's Property business, responsible for the financial analysis and investment decision making of a $2.5 billion real estate portfolio.

Prior to joining Australian Unity, Ryan worked as an investment strategist at NAB and as Head of Strategy at listed telecommunications firm M2. Ryan holds a BA in Economics and Politics, a MBA (Executive) GDM, a Diploma of Financial Markets and Diploma of Financial Services.

Key Personnel

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Esther-Kerr Smith, Chief Executive Officer – Wealth & Capital Markets

Esther joined Australian Unity in September 2017. Esther is Chief Executive Officer for Wealth & Capital Markets for the Australian Unity Group. Esther is responsible for all of Australian Unity's financial services and investment activities, spanning investment management, advice, trustee services, life and superannuation, as well as the Group's property, development and capital management activities. Esther is also a board member of many of its operating entities.

Prior to joining Australian Unity in 2017, Esther's previous experience covers financial services, infrastructure and human services design and delivery. Esther was a senior executive with the National Disability Insurance Agency — leading the market stewardship and commissioning functions, and has held senior roles at strategy consulting firm Boston Consulting Group and within Macquarie Group's infrastructure division.

Important Information

156 Aberdeen Street, Northbridge, Perth WA

Forecast Financials

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Assumptions

The distribution return forecasts are made on the basis of a number of assumptions and estimates, some of which are detailed on this page. Forecast returns are **not guaranteed** and are provided for indicative purposes only. We emphasise that investment decisions should not be based on forecast returns, past performance, distribution rate, or the ratings given by an independent ratings agencies, since these can vary and are current only to the date of publication.

Category	Assumption	
Portfolio assets	• Property valuations assume moderate yield compression in comparison to market indicators	
Pipeline portfolio	• Consists of 17 childcare centres with over 1,582 licensed places detailed on pages 4 and 5 • Includes both stabilised operating assets and fund-through developments with established operators	• Fund-through arrangements assume a book value equal to the 'as if complete' valuation • The Fund receives a back ended coupon in consideration for interest during construction calculated at the forecast yield on completion
Equity	• $52.2m in total capital raise to date, including $20m of capital provided from the Australian Unity Group • An additional forecast $9.5M of equity is to be raised prior to June 2023	• Distributions paid from 100% of Funds from Operations (FFO) • Additional distributions paid from statutory profits or return of capital

Debt	• Cost of debt is estimated using a consensus of Australian Bank Forecasts
	• Peak Debt of $45.0M
	• Maximum Portfolio gearing LVR of 42.4% decreasing to 33.3% by 2031
	• Gearing is made up of:
	  • Maximum LVR of 50% on stabilised assets
	  • Maximum LVR of 35% on development fund-throughs, which can be re-geared to 50% upon completion
		• The Portfolio is optimised and there is no excess capital from re-gears paid as distributions

General	• Terminal values assumed to be the capitalised value at the end of 10-years • Operating costs are paid by the tenant	• 100% fully occupied throughout the Fund term • Forecast Fund financials do not meet the required threshold for performance fees to be paid.[1]

1. Refer to Information Memorandum dated October 2022

Summary of Fees and Costs

Fees and costs of managing your investment

Fee	Fee (%)	Note
Base management fee	0.75% p.a. of the Funds month end GAV	The base management fee is generally calculated at the end of each month, based on the month end GAV for that month, and paid monthly in arrears from the assets of the Fund
Recoverable expenses (operational)	Estimated to be a maximum of 0.30% p.a. of the Fund's average GAV	These are the operational expenses of the Fund Payable from the assets of the Fund when incurred
Buy spread	A buy spread of 2.00% will be applied to the issue of Units	
One off Transaction costs and fees	Refer to Information Memorandum dated March 2022	

Important Information

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Units in the Fund are issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFSL 234454 (AUFM)

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