

Childcare Property Fund

Fund update

31 March 2025



Collage of pictures: 343 Milne Road, Redwood Park SA. Play equipment and loose furniture are typically tenant property.

Fund summary as at 31 March 2025

Quarterly distribution	Unit price	Gross asset value	Units on issue
0.8368 cents per unit	\$1.0526 (cum-distribution, excluding buy-spread)	\$90,321,695	55,096,072
Loan-to-Value Ratio (LVR) ¹	Portfolio occupancy	Current Properties	
35.28%	100%	15	

¹ Reflects the LVR according to CBA's security pool, adopted value and facility drawing as at 31 March 2025.

Performance as at 31 March 2025

	Last 3 months	Last 6 months	Last 12 months	Last 2 years p.a.	Last 3 years p.a.	Since inception p.a.
Distribution return	0.80%	1.66%	2.69%	2.61%	2.77%	2.64%
Growth return	(0.45%)	2.79%	2.73%	0.70%	2.06%	1.22%
Total return²	0.35%	4.45%	5.42%	3.31%	4.83%	3.86%

² Returns are calculated after fees and expenses. Performance has been calculated in accordance with FSC Standard No. 6 Past performance is not a reliable indicator of future performance. Inception date for performance calculations is 3 September 2021.

Attribution summary as at 31 March 2025

	Last 3 months	Last 6 months	Last 12 months	Last 2 years p.a.	Last 3 years p.a.	Since inception p.a.
Property revaluations ³	0.38%	3.59%	3.50%	1.20%	2.64%	1.91%
Fees	(0.30%)	(0.60%)	(1.19%)	(1.22%)	(1.35%)	(1.18%)
Other	(0.54%)	(0.19%)	0.42%	0.72%	0.77%	0.49%
Total growth return	(0.45%)	2.79%	2.73%	0.70%	2.06%	1.22%

³ Past performance is not a reliable indicator of future performance. Property revaluations are calculated in accordance with accounting standards and includes capital expenditure, lease incentives and/or commissions (both of which are amortised) and represents the increase/decrease from the property book value immediately prior to valuation. Fees include Capital Raising fees paid to the trustee in accordance with the Information Memorandum. Other includes the base management fee, performance fee, acquisition fees, legal expenses incurred in establishing the Fund and other items in retained earnings during the period and buy spreads.

Key direct property statistics as at 31 March 2025**Portfolio: Location**

	No. of dwellings	Portfolio %
QLD	6	35%
WA	3	20%
SA	3	22%
VIC	1	10%
ACT	1	7%
TAS	1	6%
Total	15	100%

Financials

Asset type	Total \$
Property assets	89,668,507
Cash & other assets	653,187
Total assets	90,321,695
Total liabilities⁴	32,787,456
Net assets	57,534,240

⁴ Total liabilities include a provision for the March 2025 distribution: figures shown on a post-distribution basis.

Introduction

Management is pleased to welcome new unitholders to the Australian Unity Childcare Property Fund (Fund) as well as greet existing unitholders.

Fund Distribution

The Fund has paid a distribution of 0.8368 cents per unit (CPU) for the quarter ending 31 March 2025. This remains in line with previous distributions and represents a small decrease from the 0.8458 CPU distribution in the December 2024 quarter.

Liquidity Event

Management originally intended to offer a limited withdrawal facility in financial year 2025, subject to market conditions. Management has determined that it is in the best interests of investors to delay the proposed withdrawal facility to financial year 2026 to take advantage of improving market conditions and we will be in touch in due course with details of the withdrawal offer.

Asset Disposal

The Fund has taken two QLD centres to market in the current quarter being, Hervey Bay and Tewantin. Management anticipates that the sale of these two centres will provide solid results, with proceeds to be deployed into new assets and to help fund the liquidity event.

Market Update

As mentioned in prior updates, there remains strong demand for high quality childcare properties, with a deal volume of \$120,773,000 in the quarter alone, representing a substantial 23.97% increase in sales volume compared to the same quarter in 2024⁵. The average yield across the March quarter was quite low at 5.31% across the country⁵.

With inflationary pressures and monetary policies expected to ease, Management expects investor appetite and activity will continue to remain solid providing support for asset values. RBA's recent policy action has kept inflation within the expected 2-3% band, providing further optimism surrounding future rate cuts.

Australia's major political parties have entered campaign mode for the upcoming federal election, with both parties promising continued support to the Childcare sector. Both Labor and Liberal parties have committed to increased Childcare infrastructure spend⁶ and abolish activity tests to ensure Australian families continue to get access to Childcare⁷. This continued government support should provide strong tailwinds to the sector.

Outlook

Looking forward, Management continues to explore new acquisition opportunities, including developments which have the potential to increase the Fund's distribution yield and total return. Management also continues to actively review the Fund's asset and geographical weighting, in order to continue to generate attractive risk adjusted returns for its investors in line with its investment strategy.

⁵ JLL Monthly Childcare Bulletin April 2025

⁶ ABC – Coalition pledges \$20b Regional Australia Future Fund

⁷ SBS – Labor's subsidised childcare policy has passed parliament. Here's what it will mean.

Fund portfolio as at 31 March 2025

Operational

Address	Net Income	Book Value	Capitalisation Rate
255 Herries Street, Newtown	\$262,254	\$4,900,000	5.35%
260 Margaret Street, Toowoomba City	\$440,369	\$6,900,000	6.38%
10 Evans Street, Pittsworth	\$213,355	\$3,400,000	6.28%
18 & 20 Pine Street, Runcorn	\$319,513	\$6,100,000	5.24%
156 Aberdeen Street, Northbridge	\$297,222	\$4,950,000	6.00%
Cnr Blackheath and Furness Drive Tewantin	\$262,576	\$4,700,000	5.59%
4 Millview Drive, Oakdowns	\$276,240	\$5,150,000	5.36%
335 Harvest Home Road, Epping	\$466,352	\$8,700,000	5.36%
434 Milne Road, Redwood Park	\$333,806	\$5,900,000	5.66%
174 Maryborough-Hervey Bay Rd Urraween (Hervey Bay)	\$308,163	\$5,815,000	5.30%
97-99 Rowley Road, Aldinga Adelaide	\$441,207	\$7,600,000	5.81%
5 Gatty Street, Scullin	\$362,828	\$6,500,000	5.58%
42-44 Camberwell Street, East Victoria Park	\$398,237	\$6,650,000	5.99%
531 Kalamunda Rd High Wycombe	\$350,150	\$6,103,508	5.74%
345 Gorge Street, Athelstone	\$336,819	\$6,300,000	5.35%
Total Property Value⁷	\$5,069,091⁹	\$89,668,507	

⁷ Valuation Policy - Regular valuations of underlying property assets are an important aspect of managing the Fund. Valuations are conducted by qualified independent valuers in accordance with industry standards. We have a policy of generally obtaining independent valuations on Fund direct properties each year following settlement. Assets which have recently settled are held at cost and will be independently valued once tenanted. The book value of assets under construction reflects deposits paid and capitalised transaction costs. Carrying Value is the Book Value from the latest independent valuation date plus any capitalised costs since the valuation date.

⁹ Net Income represents expected full year net income for each property based off the agreed lease terms.

Contact us

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