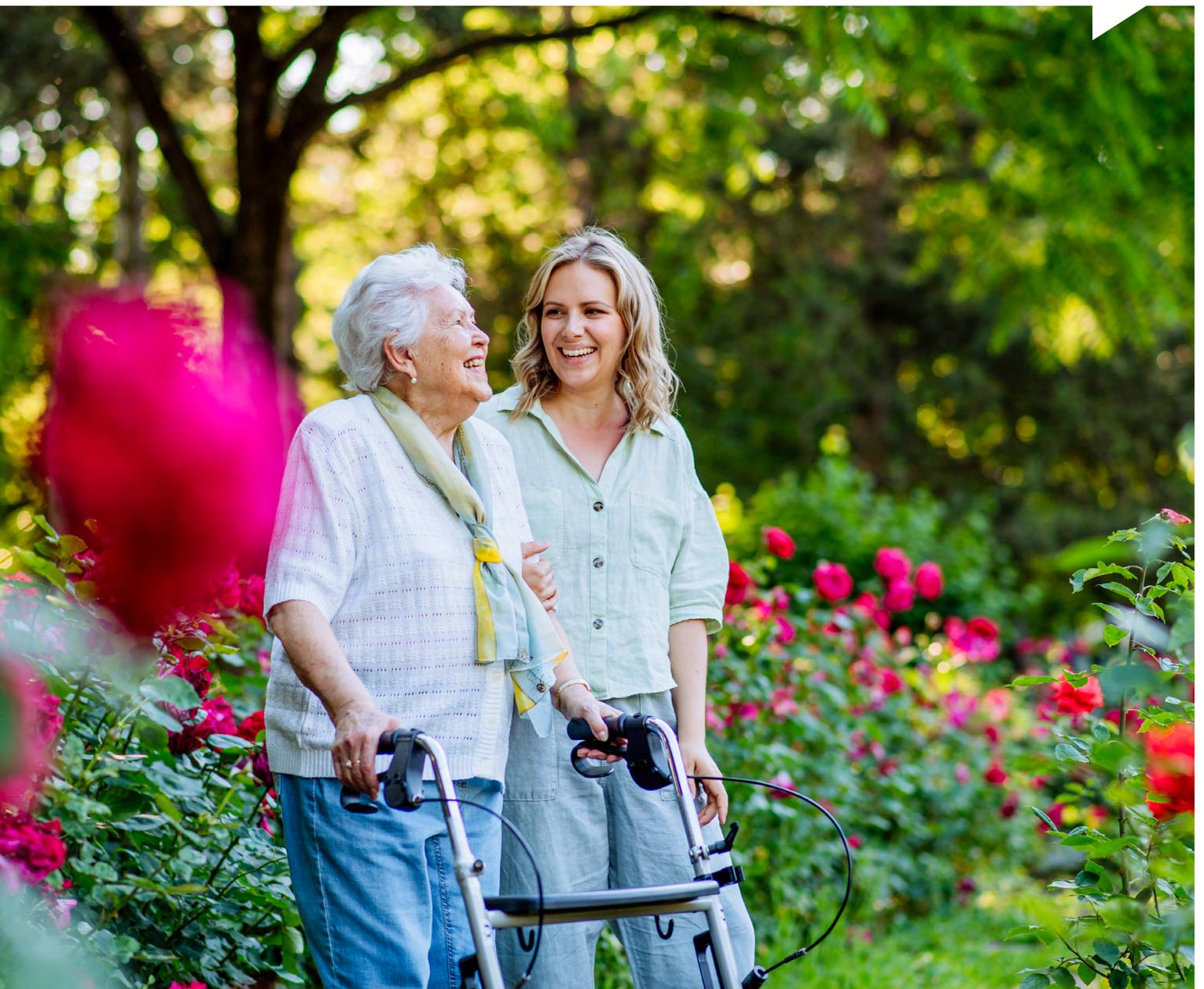


The care imperative

Meeting Australia's growing need for
Aged Care infrastructure



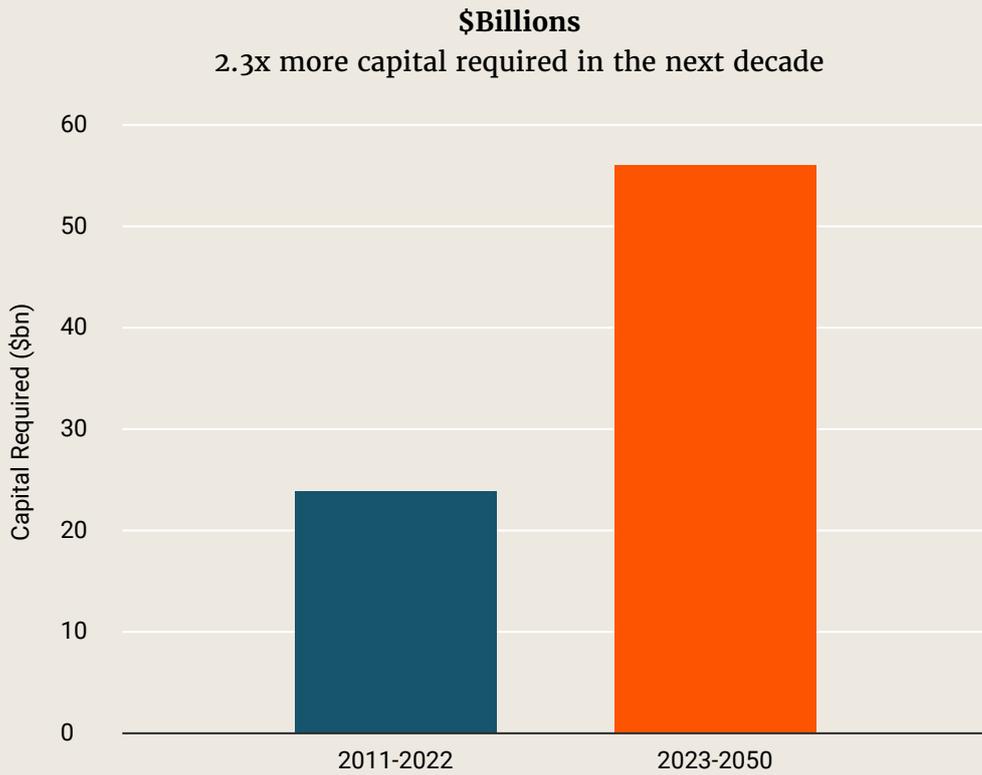
Executive summary

Australia is undergoing a profound demographic shift, with the population aged 75 and over set to nearly triple by 2050. This transformation is driving sustained demand for residential aged care services and infrastructure.

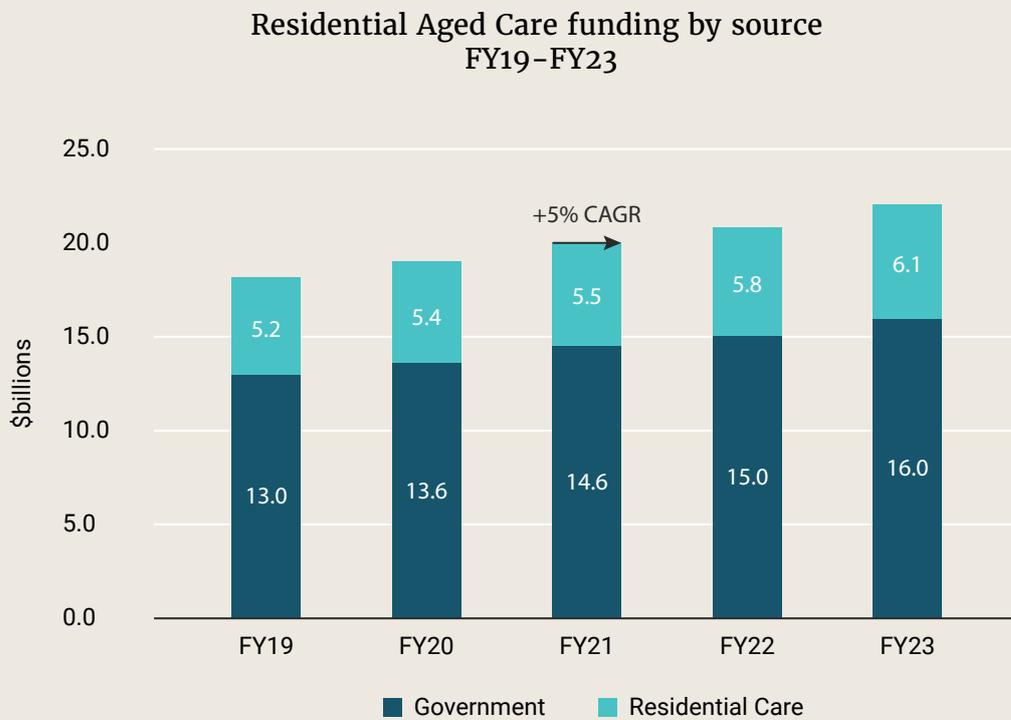
Following a period of financial strain, the aged care sector is showing strong signs of recovery, supported by government reforms, improved funding models, and greater transparency. However, a significant infrastructure gap remains. An estimated \$56 billion in capital investment is required by 2050 to renew and expand aged care capacity.

The Australian Unity Aged Care Property Trust is responding to this challenge by building and owning high-quality, fit-for-purpose aged care facilities. These assets are leased to experienced operators, delivering both long-term community value and attractive investment opportunities in a growing sector.





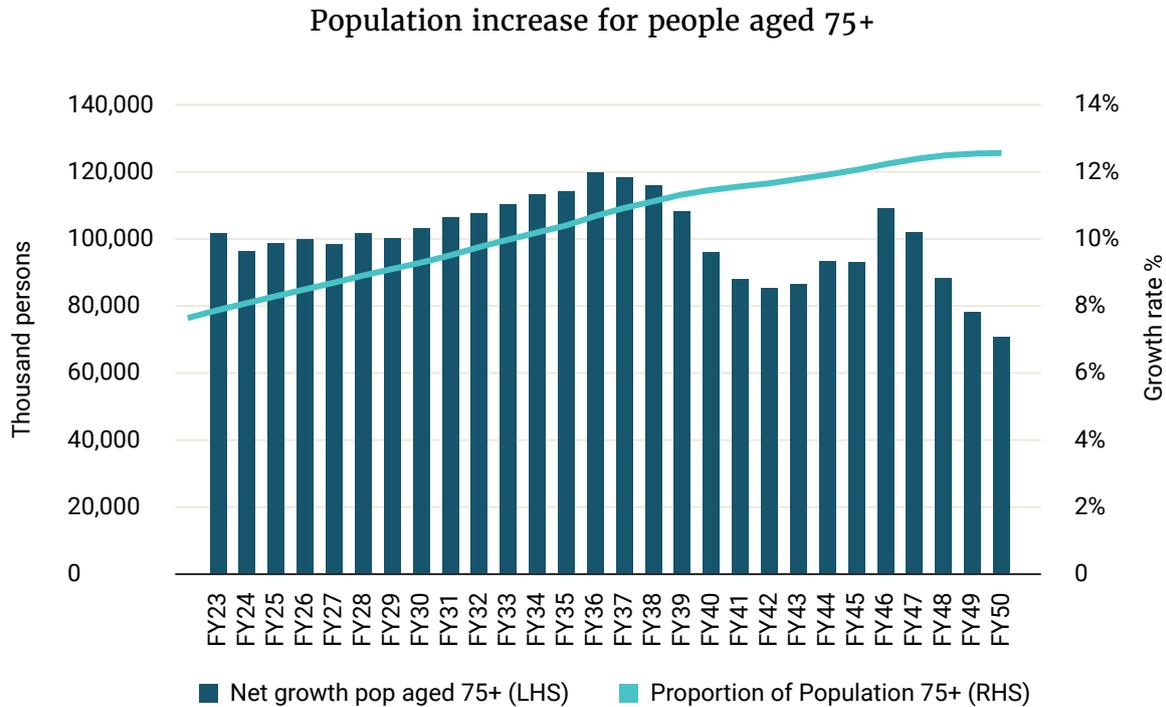
Source: Australian Government Department of Health and Aged Care, Once in a Generation Aged Care Reforms.



Source: Department of Health and Aged Care. Financial Report on the Australia Aged Care Sector 2022-2023

The demographic imperative

Australia’s population is aging rapidly. The proportion of Australians aged 75 and older is projected to increase from 7.8% today to 12.4% by 2050. This equates to an average of 135,000 additional people entering the 75+ age cohort each year, growing from 2 million today to 5.5 million by 2050. This demographic shift underscores the urgent need for expanded aged care infrastructure and services.



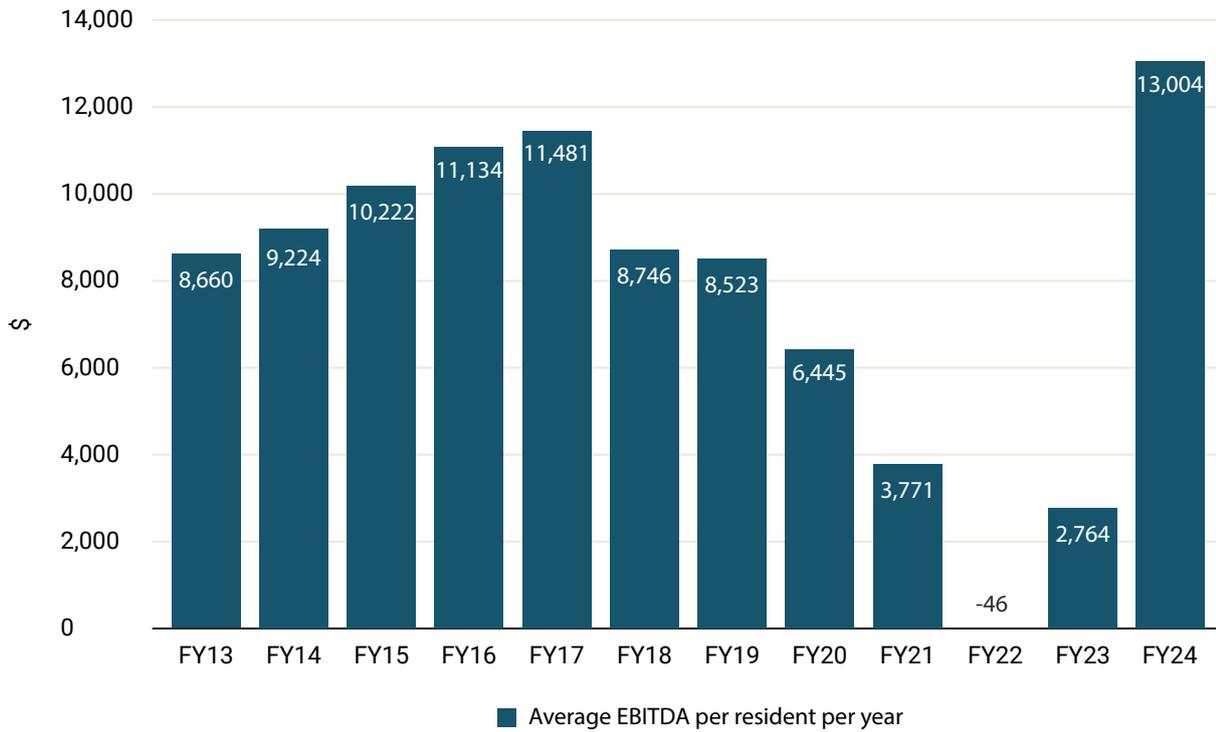
Source: Department of Health and Aged Care. Financial Report on the Australia Aged Care Sector 2022-2023

Sector recovery and reform

The aged care sector has experienced a financial turnaround, driven by structural reforms such as the replacement of the Aged Care Funding Instrument (ACFI) with the Australian National Aged Care Classification (AN-ACC) funding model. Additional reforms include a 15% wage increase for direct care workers, the introduction of star ratings and quality indicators, and changes to Refundable Accommodation Deposits (RAD). These measures have improved provider viability and operational sustainability.

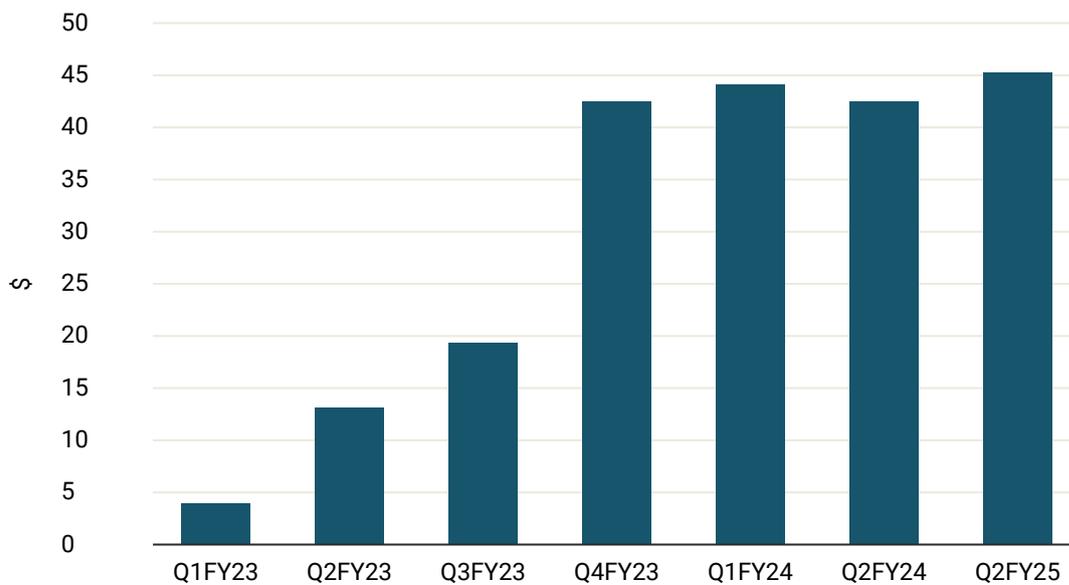
EBITDA per resident per year has increased from \$3,771 in FY21 to \$11,481 in FY23, and EBITDA per occupied bed day reached \$43 in Q3 FY24. Government subsidies remain the primary revenue source, but resident contributions are becoming increasingly important.

Residential care provider EBITDA per resident per year



Source: Department of Health and Aged Care. Financial Report on the Australia Aged Care Sector 2022-2023

Residential care provider average EBITDA POBD

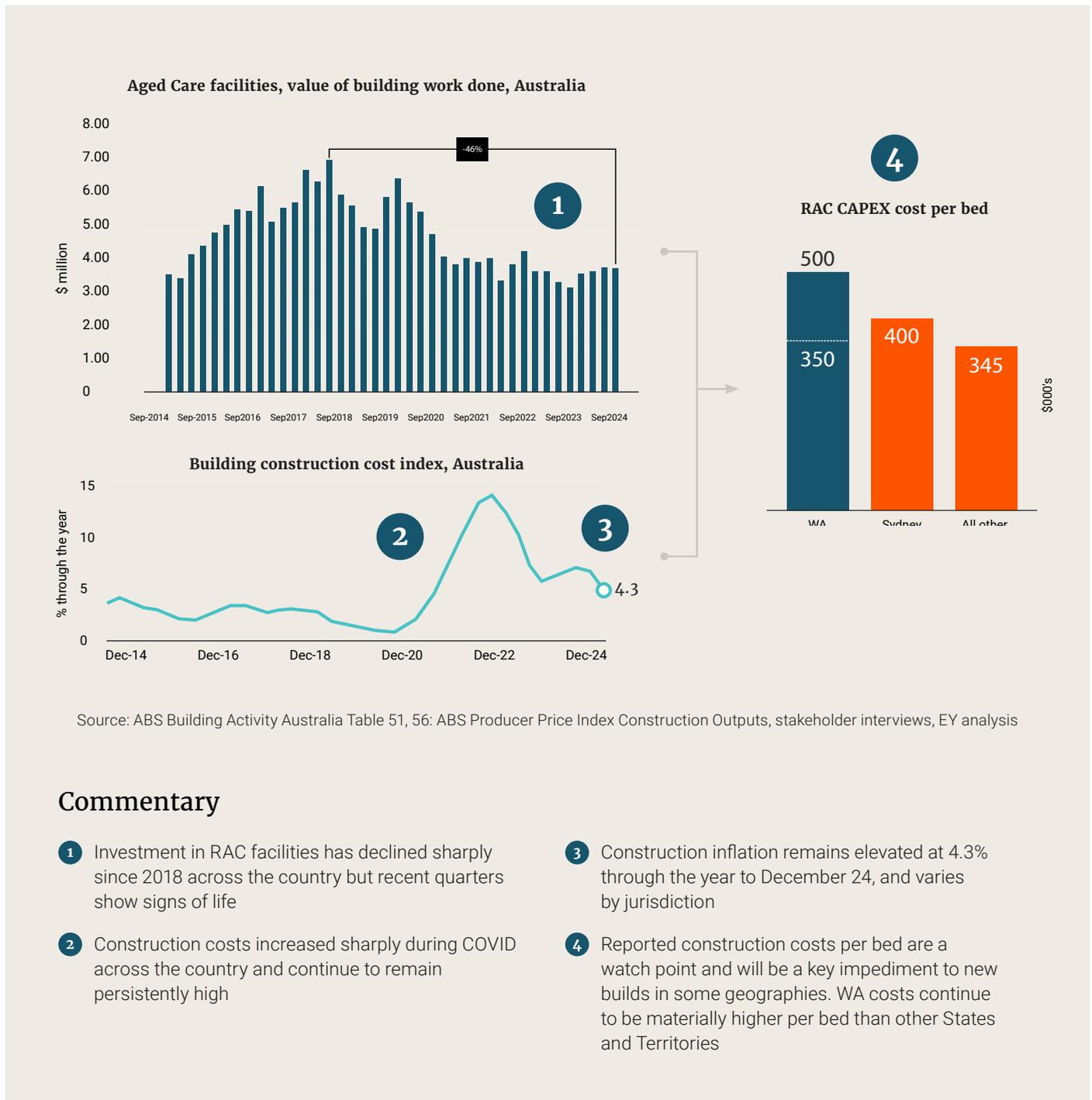


Source: Department of Health and Aged Care. Financial Report on the Australia Aged Care Sector 2022-2023

The infrastructure gap

Despite financial improvements, the sector faces a significant capital challenge. The Aged Care Taskforce estimates that \$56 billion will be needed by 2050 to renew and expand aged care infrastructure.

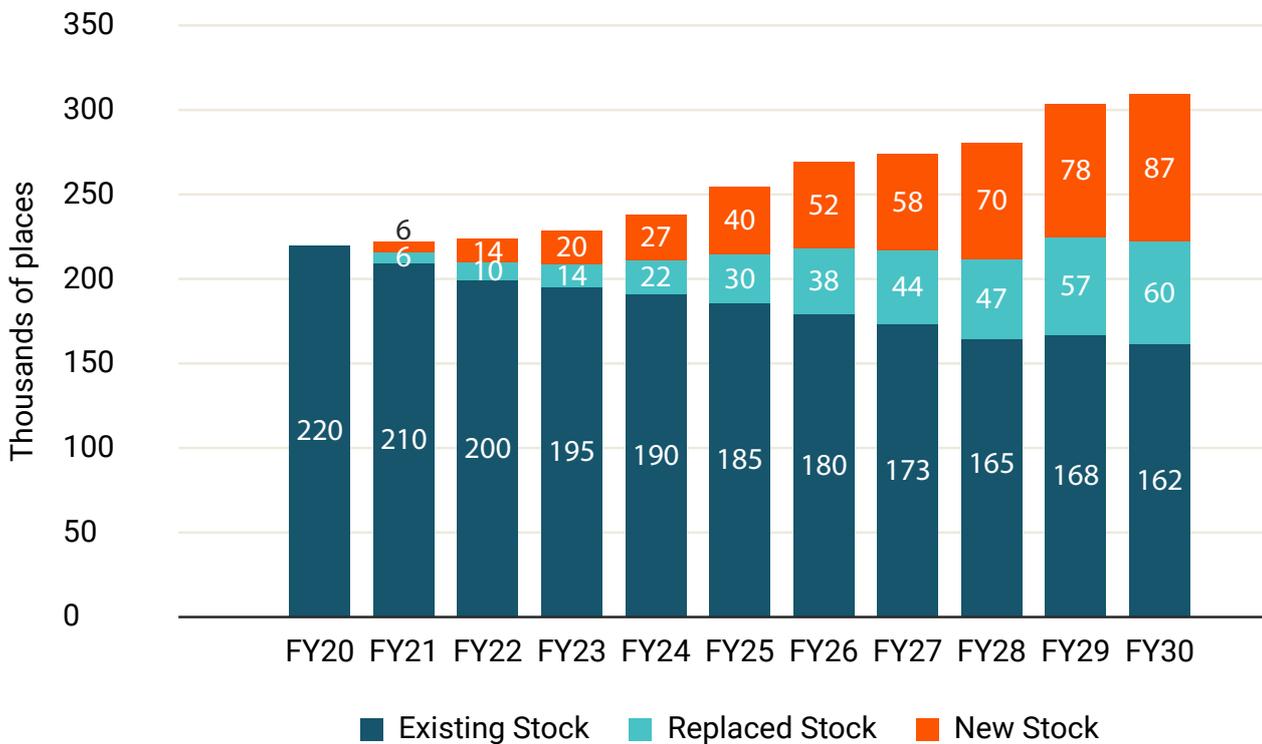
New bed construction has stagnated at just 0.6% annual growth since the Royal Commission. High construction costs—especially in WA—and workforce shortages in regional areas are major barriers. Investment in aged care facilities has halved since 2019–20, and construction inflation remains elevated at 4.3% as of December 2024.



Commentary

- 1 Investment in RAC facilities has declined sharply since 2018 across the country but recent quarters show signs of life
- 2 Construction costs increased sharply during COVID across the country and continue to remain persistently high
- 3 Construction inflation remains elevated at 4.3% through the year to December 24, and varies by jurisdiction
- 4 Reported construction costs per bed are a watch point and will be a key impediment to new builds in some geographies. WA costs continue to be materially higher per bed than other States and Territories

Forecast number operational places required FY20–30



Source: ABS Building Activity Australia Table 51, 56.

Investing for future care

The removal of bed licenses and a shift toward a competitive, quality-driven market are expected to attract capital to high-demand locations.

Future capital is likely to be directed toward high-quality developments in areas with strong demand and favourable supply metrics, aligning investment with community needs and operational sustainability.

Australian Unity's role

As Fund Manager of ACPT, Australian Unity plays a pivotal role in supporting the long-term sustainability and strategic growth of aged care infrastructure. Through active management, we ensure that aged care assets are well-resourced, resilient, and capable of delivering meaningful outcomes for both investors and communities.

Our approach focuses on:

- Investing in assets that generate strong financial returns while delivering measurable wellbeing outcomes
- Driving portfolio growth by directing capital into essential social infrastructure
- Partnering with high-quality aged care operators to foster innovation and continuous improvement in care delivery



Case study

A new greenfield aged care development with 177 beds is almost complete, with practical completion expected in October 2025 and opening scheduled for November 2025. The Australian Unity Aged Care Property Trust is contributing a capped amount of \$67.16 million towards the cost of this project.

The project has been delivered under a fixed-price design and construct contract, and supported by strong risk management, including:

- The project was pre-leased on a 25-year term to experienced aged care approved provider Infinite Care, at the time the site was acquired (in August 2021).
- Delivery was managed under a project control framework involving Australian Unity, the construction contractor (Infinity Constructions Group), the aged care approved provider (Infinite Care), and professional project management (Connect PM), supported by a team of expert consultants.
- Periodic “as-if complete” valuations.
- Pre-agreed commencing rent and capped project funding, to ensure certainty with respect to the on-completion rental yield.

Strategic Location: Knoxfield, VIC

Located in Melbourne’s outer eastern suburbs, Knoxfield is well-connected via Eastlink, Burwood Highway, and public transport, with nearby amenities like Westfield Knox and Lakewood Nature Reserve.

The suburb and surrounding Knox region are experiencing strong growth in the 65+ population, aligning with forecasts that Victoria’s over-60 population will nearly double to 2.3 million by 2046. With over 50 aged care facilities nearby, the area demonstrates strong demand and a supportive healthcare environment.

The asset will be leased to Infinite Care on a 25-year term, reinforcing long-term stability and investor confidence.



Conclusion

The aged care sector is recovering and becoming more attractive to investors, but significant infrastructure investment is still required to support Australia’s aging population.

Australian Unity’s approach—combining community impact with investor returns—positions it as a key player in delivering the aged care infrastructure needed now and into the future.



For Real Wellbeing Since 1840

For more information, visit
australianunity.com.au