Australian Unity Childcare Property Fund

ARSN 652 919 885

Annual report
for the year ended 30 June 2024

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Directors' report

The directors of Australian Unity Funds Management Limited (ABN 60 071 497 115), the Responsible Entity of Australian Unity Childcare Property Fund ("the Scheme"), present their report together with the financial statements of the Scheme for the year ended 30 June 2024 and the auditor's report thereon.

Directors
The following persons were directors of the Responsible Entity during the whole of the year and up to the date of this report (unless otherwise stated):

Rohan Mead, Chairman and Group Managing Director
Esther Kerr, Group Executive, Wealth & Capital Markets
Darren Mann, Group Executive, Finance & Strategy and Chief Financial Officer

Principal activities
The Scheme primarily invests in a diversified portfolio of childcare properties including established properties and development assets. Exposure to childcare properties may include direct property, unlisted managed funds, property syndicates or companies that mainly hold childcare property. The Scheme may invest in property assets related to its childcare assets. The Scheme may also, from time to time, provide loans, for example to childcare operators to assist them with funding the fitting out of the Scheme’s childcare properties and hold liquid assets such as cash and Real Estate Investment Trusts (REITs).

Review and results of operations

Property valuations

The current reporting period valuations were less than the revalued properties' carrying values resulting in a net revaluation fair value loss of $561,000 (2023: gain of $2,383,188).

Results

For the year, the Scheme's units posted a total return of 0.98%, (split between a distribution return of 2.41% and a growth return of -1.42%)*.

Unit price (ex distribution) as at 30 June 2024 was $1.0154

The performance of the Scheme, as represented by the results of its operations, was as follows:

	30 June 2024 $'000	30 June 2023 $'000
Profit for the year	**543**	3,947
Distribution paid and payable	**1,373**	1,633

Significant changes in the state of affairs

In the opinion of the directors of the Responsible Entity, there were no significant changes in the state of affairs of the Scheme that occurred during the year ended, except those mentioned elsewhere in the report.

Events occurring after end of the year

No matters or circumstance have arisen since 30 June 2024 that have significantly affected, or may significantly affect the operations of the Scheme, the result of operations, or the state of the Scheme's affairs for the year ended on that date

Likely developments and expected results of operations
The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Constitution.

Further information on likely developments in the operations of the Scheme and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

Indemnification and insurance of officers and auditors
No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Australian Unity Funds Management Limited or the auditors of the Scheme. So long as the officers of Australian Unity Funds Management Limited act in accordance with the Constitution, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in note 15 to the financial statements.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the year.

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the year ended are disclosed in note 15 to the financial statements.

Units in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 7 to the financial statements.

The value of the Scheme's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

The development operations of the Scheme are subject to environmental regulations under Australian law. There have been no known reportable breaches of these regulations.

Rounding of amounts

Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars, where indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors of Australian Unity Funds Management Limited.

Rohan Mead
Director

Esther Kerr
Director

20 September 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Unity Funds Management Limited as Responsible Entity for Australian Unity Childcare Property Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Unity Childcare Property Fund for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

David Kells

Partner

Sydney

20 September 2024

Statement of comprehensive income

	Notes	**30 June 2024 $'000**	30 June 2023 $'000
Income			
Rental income	3	**5,035**	3,318
Property expenses	4	**(599)**	(268)
Net property income		**4,436**	3,050
Interest income		**11**	136
Net fair value (loss)/gain on investment properties	10(b)	**(561)**	2,383
Other income		**14**	-
Total income net of property expenses		**3,900**	5,569
Expenses			
Management fees	15	**657**	503
Borrowing costs		**2,115**	747
Other expenses	6	**585**	372
Total expenses		**3,357**	1,622
Profit for the year		**543**	3,947
Other comprehensive income		**-**	-
Total comprehensive profit attributable to unitholders		**543**	3,947

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Notes	**2024 $'000**	2023 $'000
Assets			
Cash and cash equivalents		**157**	104
Receivables	9	**155**	294
Investment properties	10	**87,148**	84,492
Other assets		**760**	870
Total assets		**88,220**	85,760
Liabilities			
Payables	11	**753**	1,049
Distributions payable	8	**336**	400
Borrowings	12	**30,828**	27,757
Total liabilities		**31,917**	29,206
Net assets attributable to unitholders - equity	7	**56,303**	56,554

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	30 June 2024 $'000	30 June 2023 $'000
Balance at the beginning of the year ended	**56,554**	51,403
Comprehensive income for the financial year		
Profit for the year	**543**	3,947
Total comprehensive income attributable to unitholders	**543**	3,947
Transactions with unitholders		
Applications of units	**579**	2,837
Distributions paid and payable	**(1,373)**	(1,633)
Total transactions with unitholders	**(794)**	1,204
Balance at the end of the year ended	**56,303**	**56,554**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Note	**30 June 2024 $'000**	30 June 2023 $'000
Cash flows from operating activities			
Payments to suppliers		**(2,130)**	(289)
Rental income received		**5,121**	3,857
Interest received		**11**	136
Net cash inflow from operating activities	16	**3,002**	3,704
Cash flows from investing activities			
Payments for additions to investment properties		**(2,901)**	(3,166)
Acquisition costs on purchase of investment properties		**-**	(2,376)
Payments for potential acquisitions		**(54)**	(203)
Purchase of investment properties		**(270)**	(44,411)
Net cash outflow from investing activities		**(3,225)**	(50,156)
Cash flows from financing activities			
Proceeds from applications by unitholders		**648**	12,552
Distributions paid		**(1,437)**	(1,520)
Proceeds from borrowings		**3,015**	27,934
Interest paid		**(1,924)**	(177)
Capital raising costs paid		**(26)**	(391)
Fund establishment costs paid		**-**	(747)
Net cash inflow from financing activities		**276**	37,651
Net increase/(decrease) in cash and cash equivalents		**53**	(8,801)
Cash and cash equivalents at the beginning of the year		**104**	8,905
Cash and cash equivalents at the end of the year		**157**	104

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

1 General information

These financial statements cover Australian Unity Childcare Property Fund ('the Scheme') as an individual entity. The Scheme was constituted on 12 August 2021 and will terminate in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme is Australian Unity Funds Management Limited (ARSN 60 071 497 115), a wholly owned subsidiary of Australian Unity Limited (ABN 23 087 648 888). The Responsible Entity's registered office is Level 15, 271 Spring Street, Melbourne, VIC 3000.

The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are for the year 1 July 2023 to 30 June 2024.

The financial statements were authorised for issue by the directors of the Responsible Entity on 20 September 2024. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

Going Concern

The Responsible Entity has assessed the ability of the Scheme to continue as a going concern taking into account all information available for a period of 12 months from the date of issuing the financial statements. The Scheme has a $35 million debt facility maturity in July 2025. The Directors of the Responsible Entity remain of the opinion that the Scheme will be able to continue trading and realise assets and discharge liabilities in its ordinary course of business. In reaching this position, the following factors have been considered:

- The Scheme has adequate levels of liquidity through its operating cash flows and debt lines to be drawn if required;
- The Scheme has adequate levels of headroom with respect to its debt covenants as disclosed in note and the Scheme does not expect any covenants to be breached;
- Management has commenced constructive discussions with its lenders and expects the maturing debt to be refinanced;
- Under the trust deed, distributions are at the discretion of the Responsible Entity. No obligation is placed on the Responsible Entity to make distributions;
- The Scheme has $87 million portfolio of high-quality commercial property assets, one or more of which could be realised to repay the maturing debt should a refinance not be able to be achieved.

Given consideration to the above, the Directors of the Responsible Entity is of the opinion that the Scheme will be able to meet its debts as and when they fall due for at least a period of 12 months from the date of the financial statements. Therefore, the financial statements have been prepared on a going concern basis.

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The Scheme is a for-profit entity for the purposes of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within 12 months, except for investment properties where the amount expected to be recovered or settled within 12 months after the end of the year cannot be reliably determined.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(i) Compliance with Australian Accounting Standards and International Financial Reporting Standards
The financial statements of the Scheme comply with Australian Accounting Standards as issued by AASB and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) New accounting standards and amendments adopted by the Scheme
The Scheme applied the following standard that became mandatory for the first time during the reporting period: AASB 2021-2 *Disclosure of Accounting Policies and Definition of Accounting Estimates*. This amends AASB Standards to provide a definition of and clarifications on accounting estimates and clarify the concept of materiality in the context of disclosure of accounting policies. The amendments did not result in any changes to the accounting policies or the accounting policy information disclosed in these financial statements

The application of this accounting standard is not expected to have a material impact on the Scheme's financial statements. The accounting policies have been consistently applied in the current financial period and the comparative period, unless otherwise stated.

(iii) New accounting standards, amendments and interpretations
Certain new accounting standards, amendments and interpretations have been published that are not mandatory for the 30 June 2024 reporting period and have not yet been applied in the financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

(b) Investment properties

Initially, investment properties are measured at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition. Costs incidental to acquisition may include legal fees, stamp duty and other government charges, professional fees preceding acquisition and where applicable financing charges incurred during the construction or development of an asset.

Subsequent to initial recognition, investment properties are stated at fair value being the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to carrying value of the investment property where they result in an enhancement in the future economic benefits of the property. Leasing fees incurred and incentives provided (excluding rental abatements which are expensed) are capitalised and amortised over the lease periods to which they relate.

In accordance with the investment property valuations policy approved by the Board, independent valuations of investment properties are obtained from suitably qualified valuers generally at least once in every 18 months if the property is in a construction phase; otherwise once in any 12 month period from the date of the last valuation; or in exceptional circumstances once in a financial year or calendar year as determined necessary; or as soon as practicable, but not later than within two months after the directors of the Responsible Entity form a view that there is reason to believe that the fair value of the investment property is materially different from its current carrying value. Such valuations are reflected in note 10. Notwithstanding, the directors of the Responsible Entity determine the carrying value of each investment property at each reporting date to ensure that its carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, that asset is adjusted to its fair value.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount because the Scheme does not expect to be ultimately liable for capital gains tax in respect of the assets.

2 Summary of material accounting policies (continued)

(b) Investment properties (continued)

Gains or losses arising from changes in the fair value of investment properties are included in the statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the statement of comprehensive income in the year of derecognition.

(c) Financial instruments

(i) Classification

The classification depends on the Scheme's business model for managing the financial instruments and the contractual terms of the relevant cash flows. The Scheme classifies its financial statements into the following measurement categories:

- *Financial assets and liabilities*

The Scheme's investments are classified as held at fair value through profit or loss. They comprise:

- *Financial instruments designated at fair value through profit or loss*

  The Scheme's investments are classified as held at fair value through profit or loss. These may include investments in listed trusts and other unlisted trusts.

  Financial assets and financial liabilities designated at fair value through profit or loss are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

  The information on the fair value basis is provided internally to the Scheme's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

- *Amortised cost*

  A financial asset is measured at amortised cost only if both of the following conditions are met:

  (a) it is held within a business model with the objective of holding assets in order to collect contractual cash flows, and

  (b) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest

(ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date).

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Scheme retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Scheme has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

2 Summary of material accounting policies (continued)

(c) Financial instruments (continued)

(ii) Recognition/derecognition (continued)

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Any gains or losses arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

(iii) Measurement

- Financial assets and financial liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities held at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

- Borrowings and receivables/payables are measured initially at fair value plus transaction costs and are carried at amortised cost using the effective interest method.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Net assets attributable to unitholders

The Scheme will not be liquid and is intended to be open-ended. Subject to market conditions, the Responsible Entity expects to offer a limited liquidity facility during the financial year ending 30 June 2025 and financial year ending 30 June 2027, or more or less frequently as advised by the Responsible Entity and anticipate paying a redemption facility within three months of any liquidity application time frame closing.

The Scheme classifies the net assets attributable to unitholders as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation:*

- the puttable financial instruments entitles the holder to a pro-rata share of net assets in the event of the Scheme's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial instrument, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Scheme and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in the statement of financial position.

(f) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(c).

Scheme distributions (including distributions from cash management trusts) are recognised on an entitlements basis.

2 Summary of material accounting policies (continued)

(g) Expenses
All expenses, including Responsible Entity's fees and custodian fees, are recognised in statement of comprehensive income on an accruals basis.

(h) Income tax
Under current legislation, the Scheme is not subject to income tax provided it attributes the entirely of its taxable income to its unitholders.

(i) Distributions
The Scheme distributes its distributable income in accordance with the Constitution, to unitholders by cash or reinvestment.

(j) Receivables
Receivables may include amounts for interest and rental income arrears. Interest is accrued at the end of each period from the time of last payment in accordance with the policy set out in note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for expected credit losses is recognised for expected credit losses on trade and other receivables. The provision for expected credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted as the effect of discounting is immaterial.

The calculation of expected credit losses relating to rent and other receivables require significant judgement to assess the future uncertainty of tenants' ability to pay their debts. Expected credit losses have been estimated with reference to the Scheme's historical credit loss experience, general economic conditions and forecasts, assumptions around rent relief that may be provided to tenants and tenant risk factors such as size, industry exposure and the Scheme's understanding of the ability of tenants to pay their debts. Accordingly, expected credit losses include both the part of the rent receivable that is likely to be waived and any additional amount relating to credit risk associated with the financial condition of the tenant.

(k) Payables
Payables include liabilities and accrued expenses owed by the Scheme which are unpaid as at the end of the year. These payables, which are generally settled on 30-90 day terms and are unsecured, are carried at amortised cost.

The distribution amount payable to unitholders as at the end of each year ended is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Constitution.

Liabilities for trade creditors are carried at original invoice amount which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Scheme.

Payables to related parties are recognised and carried at the nominal amount due. They are carried at the nominal amount due to the short term nature of the payable. Interest is taken up as an expense on an accrual basis.

Provisions are recognised when the Scheme has a present obligation as a result of the past event and it is probable that the Scheme will be requested to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2 Summary of material accounting policies (continued)

(l) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined in accordance with the Constitution by reference to the net assets of the Scheme divided by the number of units on issue.

(m) Borrowings and borrowing costs

All loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with borrowings.

After initial recognition, loans are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the statement of comprehensive income when liabilities are derecognised or impaired.

(n) Goods and Services Tax (GST)

The statement of comprehensive income is shown exclusive of GST, unless the GST is incurred (or part thereof) on expenses that are not recoverable. Expenses of various services provided to the Scheme by third parties, such as custodial services and investment management fees, may have non-recoverable GST components, as applicable. In these cases, the non-recoverable GST component is recognised as part of the particular expense in the statement of comprehensive income.

Accounts payable and receivable are stated inclusive of the GST receivable and payable, respectively. The net amount of GST recoverable, or payable, is included in receivables or payables in the statement of financial position.

Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at the end of the year is recognised as a receivable. The following specific recognition criteria must also be met before revenue is recognised:

Rental revenue
Rental income is recognised on a straight line basis over the lease term.

Contingent rentals, such as turnover rent and market rent adjustments, are recognised as income in the financial year ended in which they are earned. Some leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

Incidental income (costs) derived from an investment property undergoing construction or development but not directly related to bringing the assets to working condition, are recognised in profit for the year ended .

Rent not received at the end of the year ended is reflected in the statement of financial position as a receivable or if paid in advance, as a liability.

Outgoing income
Outgoing income is recognised in the statement of comprehensive income on an accruals basis.

Within its lease arrangements, the Scheme provides certain services to tenants (such as utilities, cleaning, maintenance and certain parking arrangements) which are accounted for within AASB 15 *Revenue from Contracts with Customers*. A portion of the consideration within the lease arrangements is therefore allocated to revenue for the provision of these services.

2 Summary of material accounting policies (continued)

(p) Leases

Leasing costs
Lease costs are costs that are directly associated with negotiating and arranging an operating lease (including commissions, legal fees and costs of preparing and processing documentation for new leases). These costs are capitalised and are amortised on a straight-line basis over the term of the lease as a reduction of rental income or an increase in property outgoings. The carrying amount of the leasing cost is reflected in the fair value of investment properties.

Lease incentives
Incentives such as cash, rent-free periods, lessee or lessor owned fitouts may be provided to lessees to enter into an operating lease. These incentives are capitalised and are amortised on a straight-line basis over the term of the lease as a reduction of rental income or an increase in property outgoings. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

(q) Use of judgements and estimates

The preparation of the Scheme's financial statements requires it to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements are made by the Scheme in respect of the fair values of investment properties. These investments are reviewed regularly by reference to external independent property valuations and market conditions, using generally accepted market practices.

(r) Rounding of amounts

The Scheme is an entity of the kind referred to in ASIC *Corporations Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars.

(s) Functional and presentation currency

Items included in the financial statements of each of the Scheme's operations are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Scheme's functional and presentation currency.

3 Rental income

	30 June 2024 $'000	30 June 2023 $'000
Rental income	**4,506**	3,088
Outgoings income	**598**	299
Amortisation of lease commissions & lease incentives	**(69)**	(69)
	5,035	3,318

4 Property expenses

4 Property expenses (continued)

	30 June 2024 $'000	30 June 2023 $'000
Recoverable outgoings	**591**	255
Non recoverable outgoings	**8**	13
	599	268

5 Auditor's remuneration

During the year ended the following fees were paid or payable for services provided by the auditor of the Scheme:

	30 June 2024 $	30 June 2023 $
Audit services - KPMG (2023: PwC)		
Audit of financial statements	**21,889**	35,000
Audit of compliance plan	**3,000**	4,917
Total auditor's remuneration	**24,889**	39,917

6 Other expenses

	30 June 2024 $'000	30 June 2023 $'000
Capital raising fees	**11**	14
Fund establishment costs	**-**	55
Administration fees	**231**	124
Sundry	**343**	179
	585	372

7 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

Contributed equity	**30 June 2024 No. '000**	30 June 2023 No. '000	**30 June 2024 $'000**	30 June 2023 $'000
Opening balance	**54,897**	52,169	**55,067**	52,230
Wholesale units				
Applications	**549**	2,728	**579**	2,837
Closing balance	**55,446**	54,897	**55,646**	55,067

7 Net assets attributable to unitholders (continued)

Undistributed income

Opening balance	**1,487**	(827)
Increase / (Decrease) in net assets attributable to unitholders	**(830)**	2,314
Closing balance	**657**	1,487

	2024 $'000	2023 $'000
Net assets attributable to unitholders	**56,303**	56,554
Total net assets attributable to unitholders	**56,303**	56,554

Capital risk management

At balance date, the Scheme is illiquid and the Responsible Entity does not intend to offer a liquidity facility during the investment term of the Scheme.

Withdrawals are not currently available from the Scheme. Any withdrawal opportunity will, subject to the Corporations Act, be at the absolute discretion of the Responsible Entity. Subject to market conditions, the Responsible Entity expects to offer a limited liquidity facility during the financial year ending 30 June 2025 and financial year ending 30 June 2027, or more or less frequently as advised by the Responsible Entity. Any such withdrawal opportunity would be subject to any liquidity constraints on the Scheme at the time. The Scheme's Constitution allows the Responsible Entity to suspend withdrawals for up to 180 days in certain circumstances. Funding withdrawals may involve the full or partial sale of the Scheme's asset portfolio or other funding mechanisms relevant at the time

8 Distributions to unitholders

The distributions for the financial year were as follows:

	30 June 2024 $'000	30 June 2024 CPU	30 June 2023 $'000	30 June 2023 CPU
30 September	**383**	**0.6972**	426	.816
31 December	**448**	**0.8079**	383	.710
31 March	**206**	**0.3713**	424	.773
30 June (payable)	**336**	**0.6055**	400	.729
	1,373		1,633	

9 Receivables

	2024 $'000	2023 $'000
Applications receivable	**11**	80
Trade receivables	**16**	116
GST receivables	**128**	98
	155	294

10 Investment properties

(a) Property details

	Ownership	**Acquisition**	**Independent valuation date**	**Independent valuation amount**	**Valuer**	**Carrying value**	Carrying value
	%	Date		$'000		**2024 $'000**	2023 $'000
Unit 5, 341 Harvest Home Road, Epping, VIC	100	26/10/2022	01/09/2023	7,950	Colliers	**7,957**	8,356
97-99 Rowley Rd, Aldinga Beach, SA	100	02/12/2022	29/08/2023	7,350	Colliers	**7,356**	7,170
260 Margaret Street, Toowoomba, QLD	100	22/10/2021	29/09/2023	7,060	JLL	**7,060**	6,826
42-44 Camberwell St, East Victoria Park, WA	100	25/01/2023	18/12/2023	6,800	JLL	**6,803**	7,565
345 Gorge St, Athelstone, SA	100	29/05/2023	22/03//2024	6,300	JLL	**6,300**	6,174
1-3 Lokan Street, Redwood Park, SA	100	28/10/2022	08/11/2023	6,100	JLL	**6,107**	5,970
5 Gatty Street, Scullin, ACT	100	16/12/2022	01/09/2023	6,100	Colliers	**6,104**	6,385
174-194 Maryborough-Hervey Bay Rd, Urraween, QLD	100	22/06/2023	-	-	-	**5,974**	5,849
18 and 20 Pine Street, Runcorn, QLD	100	21/12/2021	19/12/2023	5,910	JLL	**5,910**	5,735
529-531 Kalamunda Rd, High Wycombe, WA	100	05/12/2022	-	-	-	**5,537**	2,500
4 Milview Drive, Oakdowns, TAS	100	11/02/2022	15/01/2024	4,875	JLL	**4,875**	4,600
156 Aberdeen Street Northbridge, WA	100	31/01/2022	15/11/2023	4,750	JLL	**4,750**	5,121
1 Blackheath Drive, Tewantin, QLD	100	09/05/2022	20/12/2023	4,635	JLL	**4,635**	4,500
1/255 Herries Street, Newtown, QLD	100	28/01/2022	20/09/2023	4,500	JLL	**4,500**	4,571
14 Evans Street, Pittsworth, QLD	100	22/10/2021	29/09/2023	3,280	JLL	**3,280**	3,170
Total				**75,610**		**87,148**	84,492

The investment properties valuation policy is included in note 2 and 14(b).

The Scheme obtains independent valuations for its investment properties every 18 months if the property is in a construction phase or once in any 12-month period from the date of the last valuation. Initially investment properties are measured at the cost of acquisition.

10 Investment properties (continued)

(b) Movements in carrying amount

Reconciliations of the carrying amounts of investment properties are set out below:

	30 June 2024 $'000	30 June 2023 $'000
Opening balance	**84,492**	30,638
Acquisitions	**260**	48,563
Additions	**3,026**	2,977
Lease commissions and incentives amortisation	**(69)**	(69)
Change in fair value	**(561)**	2,383
Closing balance	**87,148**	84,492

(c) Contractual obligations

Capital expenditure contracted for at the reporting date but not recognised as liabilities:

	2024 $'000	2023 $'000
Within one year	**797**	11,036
Later than one year but not later than 5 years	**4,265**	-
	5,062	11,036

The Scheme share of capital commitments will be funded using the Scheme's cash and cash equivalents and debt facility.

10 Investment properties (continued)

(d) Leasing arrangements

The Scheme leases out its investment properties to tenants under operating leases with rentals payable monthly. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2024 $'000	2023 $'000
Within one year	**5,127**	4,625
Later than one year but not later than 5 years	**24,034**	20,470
Later than 5 years	**54,753**	72,079
	83,914	97,174

11 Payables

	2024 $'000	2023 $'000
Accrued expenses	**594**	752
Trade payables	**-**	110
GST Payables	**120**	100
Rent received in advance	**39**	87
	753	1,049

12 Borrowings

	2024 $'000	2023 $'000
Bank loan	**30,950**	27,934
Unamortised borrowing costs	**(122)**	(177)
	30,828	27,757

The bank loan facility consists of one facility which is drawn progressively to fund approved development costs and acquisition of new properties. The facility limit is $35,000,000 expiring on 1 July 2025.

The facility is secured by a first registered mortgage over the Scheme's property, and is non-recourse to unitholders.

12 Borrowings (continued)

The Scheme had access to:

	2024 $'000	2023 $'000
Credit facilities		
Cash advance facilities	**35,000**	35,000
Drawn balance	**(30,950)**	(27,934)
Undrawn balance	**4,050**	7,066

Reconciliations of the net debt are set out as below:

	2024 $'000	2023 $'000
Analysis of changes in net debt		
Opening balance	**27,830**	(8,905)
Proceeds from borrowings	**3,015**	27,934
Other cash movements	**(52)**	8,801
Closing balance	**30,793**	27,830
Bank loan	**30,950**	27,934
Cash and cash equivalents	**(157)**	(104)
Net debt	**30,793**	27,830

12 Borrowings (continued)

	Loans and borrowings $'000	Unitholder Capital $'000	Total $'000
Balance at 1 July 2023	**27,757**	**56,554**	**84,311**
Changes from Financing cash flows			
Proceeds from issue of units	-	648	648
Proceeds from loans and borrowings	3,015	-	3,015
Distributions paid	-	(1,437)	(1,437)
Borrowing costs paid	(1,924)	-	(1,924)
Capital Raising Cost	-	(26)	(26)
Total changes from financing cash flows	***1,091***	***(815)***	***276***
Changes in fair value			
Liability related			
Borrowing costs expense	2,115	-	***2,115***
Movement in borrowing costs payable	(135)	-	***(135)***
Total liability related other changes	**1,980**	-	***1,980***
Total equity related other changes	-	564	564
Balance at 30 June 2024	***30,828***	***56,303***	***87,131***

	Loans and borrowings $'000	Unitholder Capital $'000	Total $'000
Balance at 1 July 2022	**-**	**51,403**	**51,403**
Changes from Financing cash flows			
Proceeds from issue of units	-	12,552	12,552
Proceeds from loans and borrowings	27,934	-	27,934
Distributions paid	-	(1,520)	(1,520)
Borrowing costs paid	(924)	-	(924)
Capital Raising Cost	-	(391)	(391)
Total changes from financing cash flows	***27,010***	***10,641***	***37,651***
Changes in fair value			
Liability related			
Borrowing costs expense	747	-	***747***
Total liability related other changes	**747**		***747***
Total equity related other changes	-	(5,490)	(5,490)
Balance at 30 June 2023	***27,757***	***56,554***	***84,311***

13 Financial risk management

(a) Objectives, strategies, policies and processes
The Scheme’s activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's disclosure documents and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Financial risk management is carried out by the Investment Manager ("the Investment Manager") under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates, other price risks, and ratings analysis for credit risk.

(b) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: price risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Scheme's direct investments and not on a look through basis for investments held in the Scheme.

(i) Price risk
Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has no direct exposure to price risk.

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Scheme is exposed to interest rate risk predominantly through borrowings. The Scheme does not currently utilise interest rate swaps to manage its interest rate risk.

The below table summarises the Scheme's overall interest rate risk exposure:

	2024	2023
	$'000	$'000
Floating rate		
Cash and cash equivalents	**157**	104
Borrowings	**(30,950)**	(27,934)
Net exposure	**(30,793)**	(27,830)

The Scheme had exposure to interest rate risk on its monetary assets and liabilities, mitigated by the use of interest rate swaps.

The table below demonstrates the sensitivity to reasonably possible changes in year end interest rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in profit and net assets attributable to unitholders, while a positive amount reflects a potential net increase.

13 Financial risk management (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

	Impact on profit and net assets attributable to unitholders	
	2024	2023
Sensitivity	**$'000**	$'000
Interest rate + 0.76% (2023: + 0.70%)	**(234)**	(194)
Interest rate - 0.76% (2023: - 0.70%)	**234**	194

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Scheme is exposed to the applicable withdrawal offer put in place by the Responsible Entity. Under the terms of its Constitution, the Scheme has the ability to manage liquidity risk by delaying withdrawals to unitholders, if necessary, until the funds are available to pay them. Withdrawal from this Scheme is currently not made available.

Investors will not be able to redeem from the scheme unless or until a withdrawal opportunity is offered by the Responsible Entity. Responsible Entity is expecting to offer a limited withdrawal opportunity to investors in the Scheme at the end of the scheme’s third and fifth year (financial year ending 30 June 2025 and financial year ending 30 June 2027, or more or less frequently as advised by us). However, at that time, there may be limited or no liquidity in the scheme such that the Responsible Entity may be unable to offer a withdrawal opportunity.

Maturities analysis of financial liabilities
The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on the remaining period at the end of the year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Financial liabilities such as trade payables, where there are no specific contractual settlement dates, have been grouped into the 'less than 1 year' maturity grouping as such liabilities are typically settled within 30 days.

2024	**Less than 1 year $'000**	**1-2 years $'000**	**2-3 years $'000**	**3+ years $'000**
Distributions payables	**336**	**-**	**-**	**-**
Payables	**753**	**-**	**-**	**-**
Borrowings	**-**	**30,950**	**-**	**-**
Total financial liabilities	**1,089**	**30,950**	**-**	**-**

2023	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3+ years $'000
Distributions payables	400	-	-	-
Payables	1,047	-	-	-
Borrowings	-	27,934	-	-
Total financial liabilities	1,447	27,934	-	-

13 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities analysis of financial liabilities (continued)

As disclosed above, the Scheme manages its liquidity risk by investing predominantly in liquid assets that it expects to be able to liquidate within seven days or less. Liquid assets include cash and cash equivalents. As at 30 June 2024, these assets amounted to $157,200 (2023: $103,500).

(d) Estimation of fair values of financial assets and financial liabilities
The carrying amounts of the Scheme's assets and liabilities other than borrowings at the end of each reporting period approximate their fair values.

The Scheme values its investments in accordance with the accounting policies set out in note 14.

14 Fair value hierarchy

The Scheme measures and recognises the financial assets/(liabilities) held at fair value through profit or loss and investment properties and capitalised development costs at fair value on a recurring basis.

(a) Fair value hierarchy
The Scheme is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

30 June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets				
Investment properties	-	-	87,148	87,148
Total non-financial assets	-	-	87,148	87,148

30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets				
Investment properties	-	-	84,493	84,493
Total non-financial assets	-	-	84,493	84,493

The Scheme's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the year ended . There are no transfers between levels 1, 2 and 3 for fair value measurements during the year ended.

14 Fair value hierarchy (continued)

(b) Valuation techniques

(i) Investment properties

The investment property valuation policy is to have independent valuations conducted regularly, typically annually, to aid with the determination of the assets fair value. In determining the fair value of an investment property, the primary appropriate method of assessment is considered to be via reconciliation between the discounted cash flow and income capitalisation methods. Direct comparison may also be used as a secondary assessment method.

- Discounted cash flow method - this methodology involves formulating a projection of net income over a specified time horizon, normally 10 years, and discounting this cash flow including the projected terminal value at the end of the projection period at an appropriate market-derived discount rate. The present value of this discounted cash flow provides a guide to the fair value of the property;
- Income capitalisation method - this methodology involves the assessment of a net market income for the various components of the subject property. The net market income is capitalised at a rate derived from the analysis of comparable sales evidence to derive a capital value. Appropriate capital adjustments are then made where necessary to reflect the adopted cash flow profile and the general risk characteristic of the property; and
- Direct comparison method - this methodology identifies comparable sales on a dollar per square metre of lettable area and compares the equivalent rates to the subject property to establish the property's market value. This approach is somewhat subjective given the fact that specific items of income and expenditure are difficult to directly reflect and compare when adopting a rate per metre.

At each reporting date the appropriateness of those valuations is assessed by the Responsible Entity.

(c) Fair value measurements using significant unobservable input (level 3)

(i) Valuation inputs and relationship to fair value

The following are the key valuation assumptions used in the determination of the investment properties fair value using the discounted cash flows and income capitalisation valuation methodologies:

• Current net market rental the estimated amount for which a property or space within a property should be leased between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction,

• Proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In the calculation of net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable);

• Adopted capitalisation rate - the rate at which net market income is capitalised to determine the value of the property. This rate is determined with regards to market evidence.

Valuation inputs	**2024**	2023
Current net market rental ($ per sqm)	**2,737 - 4,244**	2,833 - 4,120
Adopted capitalisation rate (%)	**5.00 - 6.00**	5.00 - 5.50

The changes in fair value of investment properties for the year are set out in note 10(b).

The directors of the Responsible Entity assess the carrying value of each investment property at each reporting date to ensure that its carrying value does not materially differ from its fair value.

(ii) Investment Properties

Independent valuations of investment properties are obtained from suitably qualified valuers generally at least once in every 18 months if the property is in a construction phase; otherwise once in any 12 month period from the date of the last valuation; or in exceptional circumstances once in a financial year or calendar year as determined necessary; or as soon as practicable, but not later than within two months after the directors of the Responsible Entity form a view that there is reason to believe that the fair value of the investment property is materially different from its current carrying value.Notwithstanding, the directors of the Responsible Entity determine the carrying value of each investment property at each reporting date to ensure that its carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, that asset is adjusted to its fair value.

14 Fair value hierarchy (continued)

(iii) Sensitivity information
The table below details the movement in the fair value when each of the significant inputs either increase or decrease, with all other inputs remaining constant:

Significant inputs	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Current net market rental	Increase	Decrease
Adopted capitalisation rate	Decrease	Increase

It is often the case that multiple significant inputs change simultaneously, on these occasions the impact of the changes in the individual inputs can be reduced or vice versa can magnify the movement in the fair value.

When calculating the income capitalisation, the net market rent has a strong interrelationship with the adopted capitalisation rate. This is because the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the net market rent and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the net market rent and a decrease (tightening) in the adopted capitalisation rate. The impact on fair value may be magnified if the net market rent is increasing while the capitalisation rate is decreasing (or vice versa).

Valuation inputs	**2024**	2023
Adopted capitalisation rate +0.25% (2023: +0.25%)	**(3,451)**	(3,575)
Adopted capitalisation rate -0.25% (2023: -0.25%)	**3,769**	3,926

(d) Fair value of other financial instruments
Due to their short-term nature, the carrying amounts of the receivables and payables are assumed to approximate their fair values.

15 Related party transactions

Responsible Entity
The Responsible Entity of Australian Unity Childcare Property Fund is Australian Unity Funds Management Limited (ABN 60 071 497 115) whose immediate and ultimate parent entity is Australian Unity Limited (ABN 23 087 648 888).

Key management personnel
(a) Directors
Key management personnel includes persons who were directors of Australian Unity Funds Management Limited at any time during the year ended as follows:

Rohan Mead, Chairman and Group Managing Director
Esther Kerr, Group Executive, Wealth & Capital Markets
Darren Mann, Group Executive, Finance & Strategy and Chief Financial Officer

(b) Other key management personnel
There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the year ended.

Other transactions within the Scheme
From time to time directors of Australian Unity Funds Management Limited, or their director related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme unitholders.

Management fees and other transactions
The Responsible Entity is entitled to receive management fees calculated monthly at 0.75% per annum of the gross asset value of the Scheme.

15 Related party transactions (continued)

Management fees and other transactions (continued)

Should the Scheme meet certain criteria, the Responsible Entity is entitled to a performance fee. The performance fee will be equal to 15% of the out performance of the Scheme over a pre-tax internal rate of return (IRR) of 10% from the date of financial close to the date of the crystallisation event. The performance fee will be calculated on an annual basis commencing 1 July 2023 and end 30 June 2024. The IRR is the annualised compound rate of return received by the unitholders taking into account all income and capital cash flows.

Administration expenses incurred in the day to day running of the Scheme are reimbursed in accordance with the Constitution.

The Responsible Entity is entitled to receive an equity raising fee calculated at 0.75% of equity raised.

The transactions during the year between the Scheme and the Responsible Entity and its related parties were as follows:

	30 June 2024 $	30 June 2023 $
Management fees for the year paid/payable by the Scheme to the Responsible Entity	**657,320**	503,257
Administration expenses incurred by the Responsible Entity which are reimbursed in accordance with the Constitution	**330,283**	92,705
Equity raising fees incurred by the Responsible Entity which are reimbursed in accordance with the Scheme's Constitution	**11,473**	14,063
Aggregate amounts payable to the Responsible Entity at the end of the year	**400,103**	574,203

Fees incurred by the Scheme for the provision of key management personnel services are included in the management fees paid to the Responsible Entity.

(a) Other related party transactions
Australian Unity Property Management Pty Ltd ("AUPML") (ABN 76 073 590 600) has been appointed to provide a number of property related services to the Scheme. These services include:

- Leasing and Agency Services;
- Market Rent Reviews;
- Property Management Services;
- Project Management Services;
- Development Management Services; and
- Debt Arrangement Services

No fees were paid/payable to Australian Unity Property Management Pty Limited for the financial year.

Related party unitholdings
Parties related to the Scheme (including Australian Unity Funds Management Limited, its related parties and other schemes managed by Australian Unity Funds Management Limited), held units in the Scheme as follows:

15 Related party transactions (continued)

Related party unitholdings (continued)

2024 Unitholders	No. of units held opening '000	No. of units held closing '000	Fair value of investment* $'000	Interest held %	No. of units acquired '000	No. of units disposed '000	Distributions paid/payable by the Scheme $'000
Australian Unity Strategic Investments Pty Ltd	**20,000**	**20,000**	**20,430**	**36.07**	**-**	**-**	**195**
Australian Unity Property Income Fund	**5,000**	**5,000**	**5,108**	**9.02**	**-**	**-**	**161**
Total	**25,000**	**25,000**	**25,538**	**45.09**	**-**	**-**	**356**

2023 Unitholders	No. of units held opening '000	No. of units held closing '000	Fair value of investment* $'000	Interest held %	No. of units acquired '000	No. of units disposed '000	Distributions paid/payable by the Scheme $'000
Australian Unity Strategic Investments Pty Ltd	**20,000**	**20,000**	**20,748**	**36.43**	**-**	**-**	**459**
Australian Unity Property Income Fund	**5,000**	**5,000**	**5,187**	**9.11**	**-**	**-**	**151**
Total	**25,000**	**25,000**	**25,935**	**45.54**	**-**	**-**	**610**

*Fair value of investment includes accrued distribution at the end of the year ended .

16 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	30 June 2024 $'000	30 June 2023 $'000
Profit for the year	**543**	3,947
Net change in fair value of the investment properties	**561**	(2,383)
Add back fund establishment and capital raising costs	**11**	14
Adjustment to net lease incentives	**-**	69
Net change in receivables	**69**	799
Net change in accounts payable/liabilities	**(336)**	546
Add back interest expenses and debt establishment costs	**2,115**	747
Net change in prepayments	**39**	(35)
Net cash inflow from operating activities	**3,002**	3,704

17 Events occurring after end of the year

No matters or circumstance has arisen since 30 June 2024 that have significantly affected, or may significantly affect the operations of the Scheme, the result of operations, or the state of the Scheme's affairs for the year ended on that date

18 Contingent assets and liabilities and commitments

There are no outstanding contingent assets or liabilities as at 30 June 2024 and 30 June 2023.

Commitments arising from contracts in relation to investment property under development which are contracted for at reporting date but not recognised in the statement of financial position are $5,062,124 (2023: $11,035,954)

Directors' declaration

In the opinion of the directors of Australian Funds Management Limited the Responsible Entity of Australian Unity Childcare Property Fund (the Scheme):

(a) the financial statements and notes set out on pages 6 to 32 are in accordance with the *Corporations Act 2001,* including:

  (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

  (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date.

(b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable,

(c) the financial statements are in accordance with the Scheme's Constitution, and

(d) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of the Responsibility Entity.

Rohan Mead
Director

Esther Kerr
Director

20 September 2024

KPMG

Independent Auditor's Report

To the unitholders of Australian Unity Childcare Property Fund

Opinion

We have audited the ***Financial Report*** of Australian Unity Childcare Property Fund (the Scheme).

In our opinion, the accompanying ***Financial Report*** of the Australian Unity Childcare Property Fund gives a true and fair view, including of the Scheme's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises the:

- Statement of financial position as at 30 June 2024
- Statement of comprehensive income for the year then ended Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in the Australian Unity Childcare Property Fund 's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Australian Unity Funds Management Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors of Australian Unity Funds Management Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001,* including giving a true and fair view of the financial position and performance of the Scheme, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Scheme, and that is free from material misstatement, whether due to fraud or error
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

David Kells

Partner

Sydney

20 September 2024