

Australian Unity Healthcare Property Trust

ARSN 092 755 318

Annual report for the year ended 30 June 2025

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Directors' report

The directors of Australian Unity Funds Management Limited (AUFM) (ABN 60 071 497 115), the Responsible Entity of Australian Unity Healthcare Property Trust ("the Scheme"), present their report together with the consolidated financial statements of the Scheme for the year ended 30 June 2025 and the auditor's report thereon.

Directors

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

Adam Vise, Group Executive, Wealth & Capital Markets (Acting) (appointed 29 August 2025)
Darren Mann, Group Executive, Finance & Strategy and Chief Financial Officer
Esther Kerr, Group Executive, Wealth & Capital Markets (resigned 29 August 2025)
Rohan Mead, Chairman and Group Managing Director

Principal activities

The Scheme invests in accordance with its investment policy of the Scheme as set out in its Product Disclosure Statement (PDS) and Constitution.

The Scheme primarily invests in a diversified portfolio of healthcare property and related assets including direct property, unlisted managed funds and listed REITs.

The Scheme aims to provide unitholders with regular income and the opportunity for long term capital growth.

Review and results of operations

Capital management

In November 2024, the Scheme successfully secured a new \$150,000,000 loan facility with an 18 month term to support its ongoing capital management strategy. In June 2025, the Scheme further strengthened its funding position by securing two new loans totalling \$325,000,000, with maturities in 2028 and 2032, replacing the facilities due to mature in calendar year 2025.

To support the long-term stability of the Scheme, the quarterly withdrawal facility was reduced on 15 April 2025 to 1.25% of net asset value, with the Class A withdrawal facility to be paid on a quarterly basis if the withdrawals exceed the Class A cash balance.

Property valuations

The current reporting period valuations were less than the revalued properties' carrying values resulting in a net fair value loss of \$53,194,000 (2024: loss of \$296,361,000).

Property development

As at end of June 2025, the Scheme advanced development activities on two projects:

The Infinite Care Aged Care Facility in Knoxfield construction is mostly complete and tenant fitout due in September 2025. The 177 beds facility will be leased for 25 years.

The \$22.5 million Beleura Private Hospital expansion in Mornington faced delays from redesigns, now expected to finish by February 2026.

Property disposals

On 5 July 2024, the Scheme settled the sale of 80-82 Bridge Road, Richmond, VIC for \$5,000,000 excluding selling costs.

On 19 July 2024, the Scheme settled the sale of 70 Moreland Road, Brunswick, VIC for \$1,181,000 excluding selling costs.

On 29 October 2024, the Scheme settled the sale of Gosford Private Medical Centre, Suites 1&2 and 14 car park spaces, at 12 Jarrett Street, North Gosford, NSW for \$7,300,000 excluding selling costs.

On 9 December 2024, the Scheme settled the sale of 18 Lorraine Avenue, Padstow Heights, NSW for \$1,705,000 excluding selling costs.

On 16 December 2024, the Scheme settled the sale of Hunters Hill Private Hospital, 9 Mount Street, Hunters Hill, NSW for \$28,000,000 excluding selling costs.

On 17 January 2025, the Scheme settled the sale of 310 Selby Street North, Osborne Park, WA for \$47,000,000 excluding selling costs.

On 21 January 2025, the Scheme settled the sale of 3 Centenary Avenue, Northmead, NSW (Constitution Hill) for \$23,250,000 excluding selling costs.

Review and results of operations (continued)

Property disposals (continued)

On 24 and 30 January 2025, the Scheme settled the sale of 7 & 9 Queensbury Road, Padstow Heights, NSW for \$2,550,000 and \$1,050,000 excluding selling costs.

On 10 April 2025, the Scheme settled the sale of 19 Buttercup Close, Meadowbrook, QLD for \$700,000 excluding selling costs.

On 12 May 2025, the Scheme settled the sale of 22 Buttercup Close, Meadowbrook, QLD for \$720,000 excluding selling costs.

On 11 June 2025, the Scheme exchanged contracts to sell 17 Buttercup Close, Meadowbrook, QLD. Settlement occurred on 11 July 2025 for \$621,000 excluding selling costs.

On 12 June 2025, the Scheme exchanged contracts to sell 651 Pacific Highway and 7 Wiowera Road, Kanwal, NSW. Settlement occurred on 12 September 2025 for \$2,100,000 excluding selling costs.

On 27 June 2025, the Scheme settled the sale of 1 & 3 Addison Road, Pennington, SA for \$10,010,000 excluding selling costs.

On 30 June 2025, the Scheme exchanged contracts to sell 224 Loganlea Road (18 Nestor Drive) Meadowbrook, QLD. Settlement occurred on 30 July 2025 for \$12,500,000 excluding selling costs.

Derivatives

In the current year, the Scheme recognised net loss on derivative instruments held at fair value through profit or loss of \$20,259,000 (2024: loss of \$9,298,000).

Results

For the year ended 30 June 2025, the Scheme's:

- Retail units posted a total return of -2.24% (split between a distribution return of 3.74% and a growth return of -5.98%)*
- Wholesale units posted a total return of -2.24% (split between a distribution return of 3.74% and a growth return of -5.98%)*
- Class A units posted a total return of -2.17% (split between a distribution return of 3.67% and a growth return of -5.84%)*

Unit prices (ex distribution) as at 30 June 2025 (2024) are as follows:

Retail units \$2.3020 (\$2.4487)*

Wholesale units \$2.2459 (\$2.3889)*

Class A units \$1.3824 (\$1.4681)*

*The reported performance numbers and reported unit prices (which are not audited) have been derived based on the declared unit prices calculated in accordance with the Responsible Entity's unit pricing policy, and are not based on the net assets of these IFRS compliant consolidated financial statements. Return calculations assume reinvestment of distributions.

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

	2025	2024
	\$'000	\$'000
Loss attributable to unitholders	<u>(35,826)</u>	<u>(213,666)</u>
<i>Distributions - Retail units</i>		
Distributions paid and payable	<u>6,699</u>	<u>7,895</u>
<i>Distributions - Wholesale units</i>		
Distributions paid and payable	<u>66,388</u>	<u>80,864</u>
<i>Distributions - Class A units</i>		
Distributions paid and payable	<u>5,422</u>	<u>7,140</u>

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, except those mentioned elsewhere in the report.

Other tenant related matters

Sunshine Private Pty Ltd, the former operator and tenant of Sunshine Private Hospital, was placed into Voluntary Administration on 27 May 2024, with EY appointed as Receiver and Manager on 29 May 2024. On 26 June 2025, the Scheme received the original security deposit paid by the company's parent, Unitas Healthcare Pty Ltd, which had been held in trust by the Scheme's legal advisors, and ownership of all furniture, fittings and equipment (FFE) owned by the company and located on-site was formally transferred to the Scheme. Subsequently, on 11 July 2025, the lease to Sunshine Private Pty Ltd (in liquidation) was surrendered by the Receiver and Manager, effective the same day. A new operator, Sunshine Clinic HoldCo Pty Ltd, has entered into a binding 15-year lease agreement for part of the hospital premises commencing 1 September 2025.

In November 2024, the Scheme announced the repositioning of Western Hospital in Henley Beach, SA, into a multi-tenanted medical facility after the former tenant entered voluntary administration. The Scheme has secured a 20-year lease with Western Adelaide Private Hospital Pty Ltd. This new phase strengthens healthcare in Adelaide's western suburbs, with continued collaboration to meet the community's evolving needs.

Events occurring after end of the year

Esther Kerr resigned as a director of the Responsible Entity on 29 August 2025.

Adam Vise was appointed as a director of the Responsible Entity on 29 August 2025.

On 5 September 2025, the Scheme exchanged contracts to sell 9-13 Flintoff Street, Greensborough, VIC for \$32,500,000 excluding selling costs.

In September 2025, the Scheme entered into a contract to acquire Parts 9-10 North Terrace and Part 13 West Terrace, Adelaide, SA for a purchase price of \$11,370,000. Settlement is scheduled for 19 September 2025.

Other than the above matters and those mentioned elsewhere in the report, no other matters or circumstances have arisen since 30 June 2025 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 Scheme's Constitution.

The Scheme is in exclusive due diligence and negotiations on several acquisition and development opportunities and will continue to actively execute on its investment objectives and guidelines.

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 may 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 Scheme's Constitution and the *Corporations Act 2001*, 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 23 to the consolidated 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 are disclosed in note 23 to the consolidated financial statements.

Units in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 10 to the consolidated financial statements.

The value of the Scheme's assets and liabilities is disclosed in the consolidated statement of financial position and derived using the basis set out in note 10 to the consolidated financial statements.

Environmental regulation

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

Roundings of amounts

The Scheme is an entity of a 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 directors' report and consolidated financial statements. Amounts in the directors' report and consolidated financial statements have been rounded to the nearest thousand dollars.

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 6.

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



Rohan Mead
Director



Darren Mann
Director

16 September 2025



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 of Australian Unity Healthcare Property Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Unity
Healthcare Property Trust for the financial year ended 30 June 2025 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.

A stylized signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of David Kells, written in black ink.

David Kells

Partner

Sydney

17 September 2025

Australian Unity Healthcare Property Trust
Consolidated statement of comprehensive income
For the year ended 30 June 2025

Consolidated statement of comprehensive income

	Notes	2025 \$'000	2024 \$'000
Income			
Rental income	5	162,507	171,469
Property expenses	6	(43,292)	(36,068)
Net property income		119,215	135,401
Interest income	7	2,051	3,593
Distribution income		94	1,004
Net gains on financial instruments held at fair value through profit or loss	8	12,637	51,970
Net loss on disposal of investment properties		(2,015)	(220)
Net fair value loss on investment properties	16(b)	(53,194)	(296,361)
Other income		1	38
Total income net of property expenses		78,789	(104,575)
Expenses			
Management fees	23	27,776	28,252
Borrowing costs		85,296	73,917
Other expenses		1,543	6,922
Total expenses, excluding property expenses		114,615	109,091
Loss attributable to unitholders		(35,826)	(213,666)
Total comprehensive income			
Distributions to unitholders	11	(78,509)	(95,899)
Decrease in net assets attributable to unitholders	10	114,335	309,565
Total comprehensive income attributable to unitholders		-	-

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

Australian Unity Healthcare Property Trust
Consolidated statement of financial position
As at 30 June 2025

Consolidated statement of financial position

	Notes	2025 \$'000	2024 \$'000
Assets			
Cash and cash equivalents	12	28,909	39,373
Receivables	13	16,066	16,961
Financial assets held at fair value through profit or loss	14	542,461	577,126
Loans receivable	15	41,853	11,852
Other assets		3,990	5,989
Properties held for sale	17	231,197	151,181
Investment properties	16	2,573,035	2,786,720
Total assets		3,437,511	3,589,202
Liabilities			
Distributions payable	11	19,149	23,071
Payables	18	71,801	33,368
Financial liabilities held at fair value through profit or loss	14	1	376
Lease liabilities	16(d)	4,253	4,286
Borrowings	19	1,420,881	1,319,829
Total liabilities (excluding net assets attributable to unitholders)		1,516,085	1,380,930
Net assets attributable to unitholders - liability	10	1,921,426	2,208,272

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

Australian Unity Healthcare Property Trust
Consolidated statement of changes in net assets attributable to unitholders - liability
For the year ended 30 June 2025

Consolidated statement of changes in net assets attributable to unitholders - liability

	2025 \$'000	2024 \$'000
Balance at the beginning of the year	2,208,272	2,876,454
Loss attributable to unitholders	(35,826)	(213,666)
Distributions to unitholders	(78,509)	(95,899)
Applications	13,379	4,111
Redemptions	(198,596)	(376,580)
Units issued upon reinvestment of distributions	12,706	13,852
Balance at the end of the year	1,921,426	2,208,272

The above consolidated statement of changes in net assets attributable to unitholders - liability should be read in conjunction with the accompanying notes.

Australian Unity Healthcare Property Trust
Consolidated statement of cash flows
For the year ended 30 June 2025

Consolidated statement of cash flows

	Notes	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Interest received		1,888	4,311
Distributions and other income received		99	1,807
Collection of financing receivables		30,763	29,636
Rental income received		165,541	166,448
Payments to suppliers		(52,008)	(56,117)
Net cash inflow from operating activities	24	146,283	146,085
Cash flows from investing activities			
Purchase of investment properties		-	(35,541)
Acquisition costs on purchases of investment properties		-	(2,882)
Payments for additions to owned investment properties		(57,193)	(124,261)
Receipts from tenants for repayment of loans		7,089	45,616
Advanced to tenants for loans		(6,705)	(1,764)
Payments for potential acquisitions		(1,181)	(1,371)
Proceeds from sale of investment properties		128,466	128,561
Disposal costs paid from sale of investment properties		(1,822)	(333)
Proceeds from sale of financial instruments held at fair value through profit or loss		-	46,996
Net cash inflow from investing activities		68,654	55,021
Cash flows from financing activities			
Proceeds from applications by unitholders		13,379	4,111
Payments for redemptions by unitholders		(198,596)	(376,580)
Proceeds from borrowings		676,500	784,000
Repayment of borrowings		(575,000)	(494,000)
Distributions paid		(69,726)	(85,935)
Payment of borrowing costs and other related costs		(69,395)	(46,752)
Finance establishment costs paid		(2,529)	(2,929)
Payment of lease liabilities		(34)	(26)
Swap up-front payments		-	(3,798)
Net cash outflow from financing activities		(225,401)	(221,909)
Net decrease in cash and cash equivalents		(10,464)	(20,803)
Cash and cash equivalents at the beginning of the year		39,373	60,176
Cash and cash equivalents at the end of the year	12	28,909	39,373
Non-cash operating and financing activities	24(b)	12,706	13,852

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

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1 General information

These consolidated financial statements cover Australian Unity Healthcare Property Trust ("the Scheme") and its subsidiaries (the consolidated entity). The Scheme was constituted on 17 June 1998 and will terminate on the 80th anniversary or earlier in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme is Australian Unity Funds Management Limited (ABN 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 controlled entities of the Scheme are:

- Healthcare Property Trust Sub-trust No. 2 (formerly Primary Health Care Property Trust) which was established by Trust Deed dated 21 December 2015;
- Herston SRACC Trust which was established by Constitution dated 20 February 2017; and,
- Australian Unity Aged Care Property Trust which was established by Trust Deed dated 1 June 2021.

The consolidated financial statements are for the year 1 July 2024 to 30 June 2025.

The consolidated financial statements were authorised for issue by the directors of the Responsible Entity on 16 September 2025. The directors of the Responsible Entity have the power to amend and reissue the consolidated financial statements.

2 Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

The consolidated 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 loan receivables, financial assets/(liabilities) held at fair value through profit or loss, borrowings which are greater than 12 months, and investment properties and net assets attributable to unitholders, where the amount expected to be recovered or settled within 12 months after the end of the year cannot be reliably determined.

i) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by the Scheme as at 30 June 2025 and their results for the year then ended. The Scheme and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities over which the Scheme is exposed, or has rights, to variable returns from its involvement with the subsidiary and the ability to affect those returns through its powers over the subsidiaries.

Consolidation of subsidiaries begins from the date the Scheme obtains control of the subsidiary and ceases when the Scheme loses control of the subsidiary.

The acquisition method of accounting is used to account for business combinations by the Scheme.

All transactions (including gains and losses) and balances between entities in the consolidated group are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Scheme.

Investments in subsidiaries are accounted for at fair value through profit or loss in the individual financial statements of the parent entity.

(ii) New accounting standards and amendments adopted by the Scheme

The Scheme has adopted AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants* from 1 July 2024.

The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period.

The application of these accounting standards did not have a material impact on the Scheme.

2 Basis of accounting (continued)

(iii) Accounting standards and amendments issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 July 2024 and earlier application is permitted. However, the Scheme has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

AASB18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace AASB 101 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Scheme is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Scheme's statement of comprehensive income, the statement of cash flows and the additional disclosures required for MPMs. The Scheme is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Scheme's consolidated financial statements.

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

3 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 consolidated financial statements are presented in Australian dollars, which is the Scheme's functional and presentation currency. In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, all amounts in the consolidated financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

4 Use of judgements and estimates

The preparation of the Scheme's consolidated financial statements requires it to make judgements and estimates 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.

The key weighted average assumptions used by the external independent property valuers in the latest valuations have been used by the Scheme for the investment properties and the weighted average total for all properties, including the weighted average lease expiry ("WALE"), have been disclosed in note 22.

Except for financing receivables, the Scheme's financial instruments are valued primarily based on the prices provided by independent pricing services.

4 Use of judgements and estimates (continued)

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgements and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Scheme. The Scheme considers observable data to be 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.

In addition, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

The Scheme has assessed whether the funds in which it invests should be classified as structured entities. The Scheme has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Scheme has also considered whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds. The Scheme has concluded that the funds in which it invests in are not structured entities.

5 Rental income

	2025	2024
	\$'000	\$'000
Rental income	141,043	149,267
Outgoings income	23,479	24,138
Amortisation of lease commissions & lease incentives	(2,015)	(1,936)
	162,507	171,469

Rental income

Rental income is recognised on a straight-line basis over the lease term for leases with fixed rent review clauses. The rental adjustments includes movement for the straight-lining of rental income of \$104,076 (2024: \$4,409,000) and disclosed in the consolidated financial statements for financial reporting presentation purposes only.

Contingent rentals, such as turnover rent and market rent adjustments, are recognised as income in the financial reporting period 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 consolidated statement of comprehensive income in the period in which the condition that triggers those payments occurs.

Incidental income and 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.

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

Outgoing income

Outgoing income is recognised in the consolidated 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.

5 Rental income (continued)

Amortisation of lease costs and lease incentives

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 property expenses. The carrying amount of the leasing cost is reflected in the carrying value of investment properties.

Lease 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 as property expenses. The carrying amount of the lease incentives is reflected in the carrying value of investment properties.

6 Property expenses

	2025	2024
	\$'000	\$'000
Recoverable outgoings	28,241	27,041
Non-recoverable outgoings	3,859	3,838
Provision for expected credit losses	11,192	5,189
	43,292	36,068

Recoverable outgoings are expenses incurred in the operation and maintenance of the properties that are contractually recoverable from tenants under lease agreements. These may include items such as utilities, cleaning, repairs, and property management fees.

Non-recoverable outgoings are property-related expenses that cannot be passed on to tenants and must be borne by the Scheme. These typically include leasing commissions, certain legal fees, marketing costs, and other owner-specific expenditures.

Details around the provision for expected credit loss is included in note 13.

7 Interest income

	2025	2024
	\$'000	\$'000
Cash and cash deposits	1,275	1,486
Loan receivables	776	2,107
	2,051	3,593

Interest income is earned on cash and cash deposits and loan receivables. For further information on loan receivables refer to note 15.

Interest income is recognised under the effective interest method which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

8 Net gains on financial instruments held at fair value through profit or loss

	2025 \$'000	2024 \$'000
Net gain on derivatives	413	10,164
Net loss on listed property trusts	-	(3,202)
Net gain on financing receivables	12,234	44,889
Net (loss)/gain on related unlisted managed investment scheme	(10)	119
Net gains on financial instruments held at fair value through profit or loss	<u>12,637</u>	<u>51,970</u>

Financial assets held at fair value through profit or loss include derivatives (refer to note 20), financing receivables (refer to note 14) and related party unlisted managed investment schemes (refer to note 23). The Scheme classifies its financial instruments into the following measurement categories:

(i) *Classification*

- *Financial assets and liabilities*

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

Direct properties acquired under sale and leaseback arrangements with an option to repurchase are recognised as financing receivables which are classified as financial assets held at fair value through profit or loss in the consolidated statement of financial position. Under AASB 15 *Revenue from Contracts with Customers* the transactions do not meet the requirements for a sale and shall be accounted for as financing arrangements within the scope of AASB 9 *Financial Instruments*.

Financial instruments 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 which objective is to hold 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.

This category includes loans receivables and other receivables/payables.

(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.

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

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

8 Net gains on financial instruments held at fair value through profit or loss (continued)

(iii) Measurement

Except for financing receivables, 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 consolidated statement of comprehensive income.

Financing receivables are measured initially at cost of acquisition, being the consideration on the date of acquisition plus transaction costs and subsequently are measured at fair value with changes in their fair value recognised in the consolidated statement of comprehensive income.

For further details on how the fair values of financial instruments are determined, refer Note 22 to the consolidated financial statements.

Borrowings, loan receivables and other receivables/payables are measured initially at fair value plus transaction costs and subsequently 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 consolidated 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.

Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the year and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend/distribution income. Realised and unrealised gains/(losses) are shown in the notes to the consolidated financial statements.

9 Auditor's remuneration

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

	2025 \$	2024 \$
<i>Audit services - KPMG</i>		
Audit and review of financial statements	149,046	145,638
Audit of compliance plan	3,000	3,000
Total auditors' remuneration	<u>152,046</u>	<u>148,638</u>

10 Net assets attributable to unitholders

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are three classes of units in the Scheme being Retail, Wholesale and Class A Units.

10 Net assets attributable to unitholders (continued)

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

	2025 No. '000	2024 No. '000	2025 \$'000	2024 \$'000
Contributed equity				
Opening balance	967,268	1,118,907	1,467,874	1,826,491
Retail units				
Applications	17	18	41	50
Redemptions	(6,539)	(5,145)	(15,454)	(13,944)
Units issued upon reinvestment of distributions	913	935	2,073	2,439
	<u>(5,609)</u>	<u>(4,192)</u>	<u>(13,340)</u>	<u>(11,455)</u>
Wholesale units				
Applications	5,306	1,416	12,236	3,504
Redemptions	(67,045)	(116,904)	(154,888)	(303,772)
Units issued upon reinvestment of distributions	4,720	4,409	10,449	11,217
	<u>(57,019)</u>	<u>(111,079)</u>	<u>(132,203)</u>	<u>(289,051)</u>
Class A units				
Applications	767	363	1,102	557
Redemptions	(19,793)	(36,858)	(28,254)	(58,864)
Units issued upon reinvestment of distributions	135	127	184	196
	<u>(18,891)</u>	<u>(36,368)</u>	<u>(26,968)</u>	<u>(58,111)</u>
Closing balance	<u>885,749</u>	<u>967,268</u>	<u>1,295,363</u>	<u>1,467,874</u>
Undistributed income			2025 \$'000	2024 \$'000
Opening balance			740,398	1,049,963
Decrease in net assets attributable to unitholders			<u>(114,335)</u>	<u>(309,565)</u>
Closing balance			<u>626,063</u>	<u>740,398</u>
Total net assets attributable to unitholders			<u>1,921,426</u>	<u>2,208,272</u>

Units are redeemable at the unitholders' option via a quarterly withdrawal facility offers by the Responsible Entity. The units can be put back to the Scheme for cash equal to a proportionate share of the Scheme's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the year if unitholders exercised their right to put the units back to the Scheme. Changes in the value of this financial liability are recognised in the consolidated statement of comprehensive income as they arise.

Capital risk management

The Scheme considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications whilst redemptions occur quarterly for Retail and Wholesale units and monthly for Class A units, at the discretion of unitholders via withdrawal offers by the Responsible Entity.

Applications and redemptions are reviewed relative to the liquidity of the Scheme's underlying assets by the Responsible Entity. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

11 Distributions to unitholders

The distributions for the year were as follows:

	2025 \$'000	2025 CPU	2024 \$'000	2024 CPU
Distributions - Retail units				
30 September	1,737	2.3130	1,983	2.5680
31 December	1,692	2.3050	1,981	2.5760
31 March	1,642	2.3020	1,971	2.5720
30 June (payable)	1,628	2.3050	1,960	2.5710
	<u>6,699</u>		<u>7,895</u>	
Distributions - Wholesale units				
30 September	17,084	2.2500	21,087	2.5000
31 December	16,730	2.2500	20,431	2.5000
31 March	16,363	2.2500	19,908	2.5000
30 June (payable)	16,211	2.2500	19,438	2.5000
	<u>66,388</u>		<u>80,864</u>	
Distributions - Class A units				
30 September	1,442	1.3340	1,983	1.4660
31 December	1,372	1.3490	1,751	1.4470
31 March	1,298	1.3580	1,732	1.4670
30 June (payable)	1,310	1.3840	1,674	1.4740
	<u>5,422</u>		<u>7,140</u>	
Total distributions	<u>78,509</u>		<u>95,899</u>	

In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the consolidated statement of comprehensive income as finance costs attributable to unitholders.

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

12 Cash and cash equivalents

	2025 \$'000	2024 \$'000
Cash at bank	28,629	34,390
Cash equivalents held in the form of investment trust*	280	4,983
	<u>28,909</u>	<u>39,373</u>

*Includes investment trusts which have investment policy that invests in short term, highly liquid assets that readily supports conversion to cash.

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 from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

13 Receivables

	2025	2024
	\$'000	\$'000
Trade receivables	17,173	17,110
GST receivables	1,319	1,179
Distributions receivables	1	15
Interest receivables	330	167
Doubtful debts provision	(2,757)	(1,510)
	16,066	16,961

Trade receivables may include rental income arrears, and securities sold where settlement has not yet occurred. Distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each year from the time of last payment in accordance with the policy set out in note 5 above. Amounts are generally received within 30 days of being recorded as receivables.

The Scheme assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The recognition of impairment depends on whether there has been a significant increase in credit risk.

For trade receivables, the Scheme applies a three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

- Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

- Stage 2: Lifetime ECL- not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

- Stage 3: Lifetime ECL - credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Scheme assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

The Scheme assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of significant increase in credit risk, loans are grouped on the basis of shared credit risk characteristics, taking into account the type of loans, days in arrears, loan collaterals, remaining term to maturity, geographical location of the borrower and other relevant factors. The Scheme considers its historical loss experience and adjusts this for current observable data.

The amount of ECL is measured as the probability-weighted amount of the present value of all reasonable cash shortfalls over the expected life of the loans discounted at the effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Scheme and all the cash flows that the Scheme expects to receive.

The amount of ECL is recognised using a loan loss provision account. If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision reverts from lifetime ECL to 12-months ECL.

14 Financial assets and liabilities held at fair value through profit or loss

	2025 \$'000	2024 \$'000
Financing receivables	523,745	541,475
Derivative assets	18,716	35,651
Total financial assets held at fair value through profit or loss	542,461	577,126
Derivative liabilities	1	376
Total financial liabilities held at fair value through profit or loss	1	376

Financing receivables represent the fair value of financial assets recognised on the Scheme's acquisition of aged care properties under sale and leaseback agreements with options to buy back in future periods. As a result, the transactions do not meet the requirements for a sale under AASB 15 *Revenue from Contracts with Customers* and the acquisitions are recorded as a financial asset under AASB 9 *Financial Instruments*.

The following table details the financing receivables held by the Scheme:

	30 June 2025 \$'000	30 June 2024 \$'000
Charles Young Aged Care, 53-59 Austral Terrace, Morphettville, SA	40,900	41,300
The Terraces Aged Care Facility, 74 University Drive, Varsity Lakes, QLD	37,300	40,485
Edge Hill Orchards Aged Care Facility, 15 Oregon Street, Manoorra, QLD	37,008	38,073
The Ormsby, 112 Burnett Street, Buderim, QLD	35,350	37,350
Walkerville Aged Care, 160-176 Walkerville Terrace, Walkerville, SA	33,700	35,650
Capella Bay Aged Care Facility, 260 Old Cleveland Road East, QLD	33,150	35,989
Seabrook Aged Care Facility, 15-29 Bonton Avenue, Deception Bay, QLD	29,400	31,904
Caravonica Aged Care Facility, 15-17 Lake Placid Road, Caravonica, QLD	29,553	30,161
Edmonton Gardens Aged Care Facility, 1-15 Bruce Highway, Edmonton, QLD	29,554	30,418
Ridgehaven Aged Care, Lot 1, Hazel Grove, Ridgehaven, SA	28,550	30,150
Holly Aged Care, 16-24 Penneys Hill Road, Hackham, SA	28,200	27,300
Mount Lofty Toowoomba Aged Care Facility, 69 Stuart Street, Harlaxton, QLD	28,659	29,400
Cornubia Aged Care Facility, 136-144 Beenleigh Redland Bay Road, Cornubia, QLD	28,443	29,178
Somerton Park Aged Care, 44-46 Chopin Road, Somerton Park, SA	24,650	26,100
Marten Aged Care, 110 Strathfield Terrace, Largs North, SA	21,700	21,000
Ipswich Aged Care Facility, 41-43 South Street, Ipswich, QLD	20,128	20,667
Smithfield Aged Care, 1 Warooka Drive, Smithfield, SA	16,050	15,600
Ross Robertson Aged Care, 19-33 Cornhill Road, Victor Harbor, SA	11,850	11,500
Little Para Aged Care, 24 - 28 Wayford Street, Elizabeth Vale, SA	9,600	9,250
Total financing receivables	523,745	541,475

14 Financial assets and liabilities held at fair value through profit or loss (continued)

Movements in carrying amount:

Reconciliations of the carrying amounts of financing receivables are set out below:

	2025 \$'000	2024 \$'000
Opening balance	541,475	525,843
Additions	268	298
Collection of financing receivables	(30,232)	(29,636)
Revaluation movements	12,234	44,970
Total	523,745	541,475

Financing receivables are valued using a discounted cash flow method. An overview of the risk exposures and fair value measurements relating to financial assets and liabilities at fair value through profit or loss is included in note 21.

15 Loan receivables

	2025 \$'000	2024 \$'000
Loans to tenants	41,853	11,852
	41,853	11,852

The Scheme has provided several loans to tenants for fitout assistance, all secured by a fixed and floating charge over the lessees' assets, with an agreed repayment period between four to five years and interest bearing. As at 30 June 2025, a \$1,740,000 loan loss impairment has been made during the year ended 30 June 2025 (30 June 2024: loan impaired \$711,430).

16 Investment properties

(a) Property details

	Type	Ownership (%)	Independent valuation date	Independent valuation amount \$'000	Carrying value 2025 \$'000	Carrying value 2024 \$'000
Herston Quarter - Surgical Treatment and Rehabilitation Service (STARS), Herston QLD	Hospital	100	22/11/2024	567,000	568,563	556,823
Peninsula Private Hospital, Langwarrin, VIC	Hospital	100	23/08/2024	310,000	310,219	309,660
Mulgrave Private Hospital, Dandenong North, VIC	Hospital	100	23/05/2025	197,000	197,060	199,590
Beleura Private Hospital, Morningside, VIC	Hospital	100	23/08/2024	166,000	168,742	166,075
Sunshine Private Hospital, VIC	Hospital	100	23/05/2025	127,000	131,494	129,500
RPAH Medical Centre, Newtown, NSW	Held for sale	100	21/02/2025	117,000	117,000	117,000
15 Butterfield Street, Herston, QLD	Medical Centre/Office	100	21/02/2025	105,000	105,305	106,069
Wyvern Private Hospital, Terrey Hills, NSW	Assets held pending development	100	23/08/2024	108,000	112,336	98,985
Brisbane Waters Private Hospital, Woy Woy, NSW	Hospital	100	21/02/2025	74,200	74,469	78,018
8 Herbert Street, St Leonards, NSW	Held for sale	100	23/08/2024	61,770	62,476	66,500
Robina Private Hospital, Robina, QLD	Hospital	100	23/08/2024	52,100	60,622	62,558
103 Victoria Parade, Collingwood VIC	Medical Centre/Office	100	23/08/2024	58,750	58,758	58,497
Matilda Nepean Private Hospital, Kingswood NSW	Hospital	100	22/11/2024	55,100	55,102	55,110
Brunswick Private Hospital, Brunswick, VIC	Hospital	100	21/02/2025	49,500	50,637	52,874
Greensborough Medical Centre, Greensborough, VIC	Held for sale	100	21/02/2025	36,500	36,500	41,512
Western Hospital, Henley Beach, SA	Hospital	100	22/11/2024	41,600	46,739	48,922

16 Investment properties (continued)

(a) Property details (continued)

	Type	Ownership %	Independent valuation date	Independent valuation amount \$'000	Carrying value 2025 \$'000	Carrying value 2024 \$'000
Lot 3, 2-14 Weipin Street, Cleveland, QLD	Medical Centre/Office	100	23/05/2025	35,500	35,932	35,564
North Shore Specialist Day Hospital, Greenwich, NSW	Hospital	100	21/02/2025	31,200	31,281	34,965
1 North Terrace, Adelaide, SA	Assets held pending development	100	21/02/2025	34,000	34,710	34,359
Townsville Private Clinic, Townsville, QLD	Hospital	100	21/02/2025	29,700	29,699	32,469
Berkeley Vale Private Hospital, Berkeley Vale, NSW	Hospital	100	21/02/2025	28,500	28,533	29,348
Chamberlain Gardens, 53-67 Chamberlain Road, Wyoming, NSW	Aged Care	100	30/06/2025	28,000	28,000	29,228
Ashmore Retreat, 19 Ilunga Avenue, Ashmore, QLD	Aged Care	100	30/06/2025	27,350	27,350	28,006
Tuggerah Lakes Private Hospital, Kanwal, NSW	Hospital	100	23/08/2024	29,200	29,205	27,299
Campus Alpha, Robina, QLD	Medical Centre/Office	100	21/02/2025	27,500	27,899	27,489
Bangalor Retreat, 3-27 Stott Street, Tweed Heads West, NSW	Aged Care	100	30/06/2025	25,300	25,300	25,929
Figtree Private Hospital, Figtree, NSW	Hospital	100	21/02/2025	26,500	26,518	27,047
11 Queensbury Road, Padstow Heights, NSW	Aged Care	100	30/06/2025	18,800	18,800	19,682
9-11, 13 and 15 Old Heidelberg Rd, Alphington, VIC	Assets held pending development	100	23/05/2025	23,050	23,050	25,029
Lot 77, Bunjil Way, Knoxfield, VIC	Assets held pending development	100	30/06/2025	34,400	34,400	22,493
Ipswich Medical Centre and Day Hospital, QLD	Medical Centre/Office	100	23/08/2024	21,000	21,335	21,087
Mandalay Retreat, 156-162 Bay Street, Cleveland, QLD	Aged Care	100	30/06/2025	19,950	19,950	20,501
566 Olsen Avenue, Molendinar, QLD	Medical Centre/Office	100	23/05/2025	18,500	18,500	18,650
Robina Medical Centre, Robina QLD	Medical Centre/Office	100	23/05/2025	18,500	18,507	18,650
100 Angus Smith Drive, Townsville, QLD	Assets held pending development	100	21/02/2025	16,200	16,401	16,241
The Eye Centre, 2 Short St, Southport, QLD	Medical Centre/Office	100	23/05/2025	16,550	17,042	16,089
Cobblebank - 2 Coach St, Cobblebank, VIC	Assets held pending development	100	23/08/2024	15,240	16,116	15,831
18 Nestor Drive, Meadowbrook, QLD	Held for sale	100	22/11/2024	14,500	12,500	14,823
Victoria House Medical Centre, East Victoria Park, WA	Medical Centre/Office	100	21/02/2025	12,500	12,512	12,755
1, 1A, and 1B President Road, Kellyville, NSW	Assets held pending development	100	23/05/2025	12,500	12,500	12,500
133-139 Jannali Avenue, Sutherland, NSW	Assets held pending development	100	22/11/2024	9,700	9,810	11,558
Eureka Medical Centre, Ballarat, VIC	Medical Centre/Office	100	23/05/2025	10,500	10,509	9,815
Corio Medical Clinic, Corio, VIC	Medical Centre/Office	100	23/05/2025	8,200	8,212	9,140
38 & 40 Orth Street; 26 Somerset Street; 1, 3 & 5 Hargrave Street, Kingswood, NSW	Assets held pending development	100	21/02/2025	7,850	8,310	8,504
Casa Mia, 28-36 Alma Road, Padstow, NSW	Aged Care	100	30/06/2025	8,600	8,600	7,918
Car parks, Gosford Private Medical Centre, Gosford, NSW	Car park	100	21/02/2025	350	358	280
7 Campus Crescent, Robina, QLD	Assets held pending development	100	21/02/2025	4,600	4,811	4,456
59 East Street, Ipswich, QLD	Assets held pending development	100	23/05/2025	7,250	7,284	7,032
151-153 Furlong Road, St Albans, VIC	Medical Centre/Office	100	22/11/2024	3,000	3,004	3,916
7 Vidler Avenue, Woy Woy, NSW	Medical Centre/Office	100	21/02/2025	2,500	2,500	2,590
101 Herbert Street, Mornington, VIC	Assets held pending development	100	23/08/2024	1,200	1,212	1,085
24 Gillon Court, St Albans, VIC	Assets held pending development	100	22/11/2024	840	840	965
22 Gillon Court, St Albans, VIC	Assets held pending development	100	22/11/2024	660	660	887
155 Furlong Road, St Albans, VIC	Assets held pending development	100	23/05/2025	850	850	914

16 Investment properties (continued)

(a) Property details (continued)

	Type	Ownership %	Independent valuation date	Independent valuation amount \$'000	Carrying value 2025 \$'000	Carrying value 2024 \$'000
99 Herbert Street, Mornington, VIC	Assets held pending development	100	23/08/2024	900	903	871
105 Herbert Street, Mornington, VIC	Assets held pending development	100	23/08/2024	850	850	850
103 Herbert Street, Mornington, VIC	Assets held pending development	100	23/08/2024	850	850	840
7 Wiowera Road, Kanwal, NSW	Held for sale	100	23/08/2024	900	1,176	840
20 Gillon Court, St Albans, VIC	Assets held pending development	100	22/11/2024	550	550	825
15 Dwyer Avenue, Woy Woy, NSW	Assets held pending development	100	21/02/2025	820	829	816
16 Gillon Court, St Albans, VIC	Assets held pending development	100	23/05/2025	750	750	800
199 St Albans Road, St Albans, VIC	Assets held pending development	100	22/11/2024	700	700	700
203 St Albans Road, St Albans, VIC	Assets held pending development	100	22/11/2024	700	700	700
201 St Albans Rd, St Albans, NSW	Assets held pending development	100	22/11/2024	700	700	700
651 Pacific Highway, Kanwal, NSW	Held for sale	100	23/08/2024	700	924	655
205 St Albans Rd, St Albans, VIC	Assets held pending development	100	22/11/2024	530	530	637
17 Buttercup Close, Meadowbrook, QLD	Held for sale	100	23/08/2024	655	621	567
3 Wiowera Street, Kanwal, NSW	Assets held pending development	100	23/08/2024	450	453	422
1 Wiowera Street, Kanwal, NSW	Assets held pending development	100	23/08/2024	420	421	398
70 Moreland Road, Brunswick, VIC	Sold	100	-	-	-	1,181
80-82 Bridge Road, Richmond, VIC	Sold	100	-	-	-	5,000
18 Lorraine Avenue, Padstow Heights, NSW	Sold	100	-	-	-	1,705
Gosford Private Medical Centre, Gosford, NSW	Sold	100	-	-	-	8,107
Hunters Hill Private Hospital, Hunters Hill, NSW	Sold	100	-	-	-	28,000
310 Selby Road North, Osborne Park, WA	Sold	100	-	-	-	54,747
7 Queensbury Road, Padstow Heights, NSW	Sold	100	-	-	-	2,801
9 Queensbury Road, Padstow Heights, NSW	Sold	100	-	-	-	1,273
Constitution Hill Aged Care, Northmead, NSW	Sold	100	-	-	-	25,286
19 Buttercup Close, Meadowbrook, QLD	Sold	100	-	-	-	556
22 Buttercup Close, Meadowbrook, QLD	Sold	100	-	-	-	545
1 and 3 Addison Road, Pennington, SA	Sold	100	-	-	-	11,006
Total				2,767,535	2,799,979	2,933,615
Add: Investment property leaseholds *					4,253	4,286
Less: Properties held for sale					(231,197)	(151,181)
Total investment properties					2,573,035	2,786,720

* Upon adoption of AASB 16, the Scheme recognised a right-of-use asset on the ground lease at RPAH Medical Centre which resulted in an increase in the carrying value of the investment property leasehold and related liabilities of \$3,773,000 on 1 July 2019. In addition the Scheme recognised another right-of-use asset on three head leases at Medilink - 100 Angus Smith Drive, Townsville, QLD, which resulted in an increase in the carrying value of the investment property leasehold and related liabilities of \$887,000 on 11 November 2022.

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 capitalized and amortised over the lease periods to which they relate.

16 Investment properties (continued)

(a) Property details (continued)

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 16.

All independent valuations were undertaken by either of the following external valuers: JLL, Valued Care, CBRE, Colliers or M3 Property.

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.

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

(b) Movements in carrying amount

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

	2025	2024
	\$'000	\$'000
Opening balance	2,786,720	3,191,422
Acquisitions	-	35,541
Additions	49,709	115,809
Capitalised borrowing costs	1,193	1,495
Lease commissions and incentives amortisation	(1,942)	(1,930)
Change in fair value	(41,480)	(281,539)
Straight-lining of rental income	(104)	3,707
Payment of lease liabilities	(34)	(26)
Reclassified as properties held for sale	(114,197)	(151,181)
Disposal	(106,830)	(126,578)
Closing balance	2,573,035	2,786,720

On 5 July 2024, the Scheme settled the sale of 80-82 Bridge Road, Richmond, VIC for \$5,000,000 excluding selling costs.

On 19 July 2024, the Scheme settled the sale of 70 Moreland Road, Brunswick, VIC for \$1,181,000 excluding selling costs.

On 29 October 2024, the Scheme settled the sale of Gosford Private Medical Centre, Suites 2 and 14 car park spaces, at 12 Jarrett Street, North Gosford, NSW for \$7,300,000 excluding selling costs.

On 9 December 2024, the Scheme settled the sale of 18 Lorraine Avenue, Padstow Heights, NSW for \$1,705,000 excluding selling costs.

On 16 December 2024, the Scheme settled the sale of Hunters Hill Private Hospital, 9 Mount Street, Hunters Hill, NSW for \$28,000,000 excluding selling costs.

On 17 January 2025, the Scheme settled the sale of 310 Selby Street North, Osborne Park, WA for \$47,000,000 excluding selling costs.

16 Investment properties (continued)

(b) Movements in carrying amount (continued)

On 21 January 2025, the Scheme settled the sale of 3 Centenary Avenue, Northmead, NSW (Constitution Hill) for \$23,250,000 excluding selling costs.

On 24 and 30 January 2025, the Scheme settled the sale of 7 & 9 Queensbury Road, Padstow Heights, NSW for \$2,550,000 and \$1,050,000 excluding selling costs.

On 10 April 2025, the Scheme settled the sale of 19 Buttercup Close, Meadowbrook, QLD for \$700,000 excluding selling costs.

On 12 May 2025, the Scheme settled the sale of 22 Buttercup Close, Meadowbrook, QLD for \$720,000 excluding selling costs.

On 27 June 2025, the Scheme settled the sale of 1 & 3 Addison Road, Pennington, SA for \$10,010,000 excluding selling costs.

(c) Leasing arrangements as a lessor

Some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	2025 \$'000	2024 \$'000
Within one year	129,515	131,404
Later than one year but not later than 5 years	467,863	468,345
Later than 5 years	1,594,977	1,564,520
	<u>2,192,355</u>	<u>2,164,269</u>

(d) Leasing arrangements as a lessee

The ground lease at RPAH Medical Centre and at Medilink are held under long-term operating leases. The lease liabilities comprised minimum future lease payments including the two lease extension options. The Scheme is potentially exposed to variable lease payments which shall be reviewed every three years and not reflected in the measurement of lease liabilities.

Reconciliations of the carrying amounts of lease liabilities are set out below:

	30 June 2025 \$'000	30 June 2024 \$'000
Opening balance	4,286	4,313
Interest charge on lease liabilities	182	178
Lease payments	(215)	(205)
Closing balance	<u>4,253</u>	<u>4,286</u>

16 Investment properties (continued)

(e) Contractual obligations

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

	2025 \$'000	2024 \$'000
Within one year	83,700	9,605
Later than one year but not later than 5 years	-	79,300
	83,700	88,905

The Scheme's share of capital commitments will be funded using the Scheme's cash and cash equivalents and debt facility. Refer to notes 12 and 19 respectively.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Scheme under residual value guarantees;
- the exercise price of a purchase option if the Scheme is reasonably certain to exercise that option;
- payments of penalties for terminating the lease if the lease term reflects the Scheme exercising that option; and
- payments to be made under reasonably certain extension options.

Subsequent to the initial recognition, lease liabilities are adjusted by the interest charges, lease payments made and any re-measurement to reflect reassessment or lease modifications.

When the Scheme is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

17 Properties held for sale

	2025 \$'000	2024 \$'000
Opening balance	151,181	13,000
Reclassified from investment properties	114,197	151,181
Disposal	(34,181)	(13,000)
Closing balance	231,197	151,181

17 Properties held for sale (continued)

In May 2025, the Scheme exchanged a put and call option agreement to sell RPAH Medical Centre, 92-100 Carillon Avenue, Newtown, NSW for \$117,000,000 excluding selling costs.

On 5 July 2024, the Scheme settled the sale of 80-82 Bridge Road, Richmond, VIC for \$5,000,000 excluding selling costs.

On 19 July 2024, the Scheme settled the sale of 70 Moreland Road, Brunswick, VIC for \$1,181,000 excluding selling costs.

On 11 June 2025, the Scheme exchanged contracts to sell 17 Buttercup Close, Meadowbrook, QLD. Settlement occurred on 11 July 2025 for \$621,000 excluding selling costs.

On 12 June 2025, the Scheme exchanged contracts to sell 651 Pacific Highway and 7 Wiowera Road, Kanwal, NSW. Settlement occurred on 12 September 2025 for \$2,100,000 excluding selling costs.

On 30 June 2025, the Scheme exchanged contracts to sell 224 Loganlea Road (18 Nestor Drive) Meadowbrook, QLD. Settlement occurred on 30 July 2025 for \$12,500,000 excluding selling costs.

On 5 September 2025, the Scheme exchanged contracts to sell 9-13 Flintoff Street, Greensborough, VIC for \$32,500,000 excluding selling costs.

Management has approved to sell 8 Herbert Street, St Leonards, NSW within next twelve months.

Properties are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

18 Payables

	2025	2024
	\$'000	\$'000
Accrued expenses	59,014	18,946
Trade payables	5,201	912
Rent received in advance	4,782	3,661
GST payables	1,369	2,754
Accrued borrowing costs and other related costs	1,435	7,095
	71,801	33,368

Accrued expenses, trade payables and GST payables include liabilities and accrued expenses owed by the Scheme which are unpaid as at the end of the reporting period. These payables, which are generally settled on 30-90 day terms and are unsecured, are carried at amortised cost.

Rent received in advance represents rental income invoiced or received prior to the end of the reporting period that relates to future periods. It is recognised as a liability in the statement of financial position and will be recognised as income in the period to which it relates, in accordance with the accrual basis of accounting.

Accrued borrowing costs includes interest accruals on borrowings.

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.

19 Borrowings

(a) Bank loan

19 Borrowings (continued)

	2025 \$'000	2024 \$'000
Unsecured loans - variable	1,151,500	1,050,000
Unsecured medium term note (A\$MTN) - fixed	275,000	275,000
Unamortised borrowing costs	(5,619)	(5,171)
	<u>1,420,881</u>	<u>1,319,829</u>

The Scheme had access to:

As at June 2025, the bank loan comprised of eight tranches with a facility limit of \$1,300,000,000.

- Term Facility loan is a \$150,000,000 facility expiring in May 2026.
- Tranche C1 is a \$75,000,000 facility expiring in November 2026;
- Tranche D is a \$250,000,000 facility expiring in December 2026;
- Tranche D1 is a \$150,000,000 facility expiring in November 2027;
- Tranche A2 is a \$175,000,000 facility expiring in December 2027;
- Tranche B2 is a \$175,000,000 facility expiring in December 2028;
- Tranche C2 is a \$250,000,000 facility expiring in June 2028; and
- Term Facility A is a \$75,000,000 facility expiring in June 2032;

The bank loan is unsecured and non-recourse to unitholders. Under the terms of the Common Terms Deed, the Scheme is required to comply with financial covenants which include an interest coverage ratio and gearing ratio at half year and end of financial year intervals. The Scheme also has Australian Medium Term Notes (AMTN) with covenants including an Interest Cover Ratio and Gearing ratio.

The Scheme has complied with the covenants for both the bank loan and AMTN through the reporting period and expects to comply for the following 12 months after the reporting date.

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 consolidated statement of comprehensive income when liabilities are derecognised or impaired.

As at 30 June 2024, the bank loan comprised of eight tranches with a facility limit of \$1,250,000,000:

- Term Facility loan is a \$100,000,000 facility expiring in January 2025;
- Tranche B1 is a \$75,000,000 facility expiring in November 2025;
- Tranche C1 is a \$75,000,000 facility expiring in November 2026;
- Tranche D1 is a \$150,000,000 facility expiring in November 2027;
- Tranche C is a \$250,000,000 facility expiring in December 2025;
- Tranche D is a \$250,000,000 facility expiring in December 2026;
- Tranche A2 is a \$175,000,000 facility expiring in December 2027; and
- Tranche B2 is a \$175,000,000 facility expiring in December 2028.

The Scheme had access to:

	2025 \$'000	2024 \$'000
Unsecured loan facility		
Facilities limit	1,300,000	1,250,000
Facilities unused	(148,500)	(200,000)
Facilities used	<u>1,151,500</u>	<u>1,050,000</u>

19 Borrowings (continued)

(b) Medium Term Notes

In November 2023, the Scheme issued A\$ Medium Term Notes (A\$MTN) at a nominal value of A\$275 million. The A\$MTN mature six years from the issue date. On the same date, the Scheme entered into interest rate swap contracts, swapping \$247.5 million from fixed rates to variable rates to manage future interest payments.

Reconciliations of the net debt are set out below:

	2025 \$'000	2024 \$'000
Analysis of changes in consolidated net debt		
Opening balance	1,285,627	974,979
Net proceeds from A\$MTN	-	275,000
Other cash movements	10,464	20,648
Net proceeds from borrowings	101,500	15,000
Closing balance	1,397,591	1,285,627
Unsecured medium term note (A\$MTN) - fixed	275,000	275,000
Unsecured loans - variable	1,151,500	1,050,000
Cash and cash equivalents	(28,909)	(39,373)
Consolidated net debt	1,397,591	1,285,627

19 Borrowings (continued)

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans and borrowings	Interest rate swap and forward exchange contracts used for hedging - assets	Interest rate swap and forward exchange contracts used for hedging - liabilities	Leasing liabilities	Unitholder capital	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2024	1,319,829	(39,769)	406	4,286	2,208,272	3,493,024
Changes from financing cash flows	-	-	-	-	-	-
Proceeds from issue of units	-	-	-	-	13,379	13,379
Payments for redemptions by unitholders	-	-	-	-	(198,596)	(198,596)
Proceeds from loans and borrowings	676,500	-	-	-	-	676,500
Repayments of loans and borrowings	(575,000)	-	-	-	-	(575,000)
Payment for settlement of derivatives	-	(3,700)	-	-	-	(3,700)
Payment of lease liabilities	-	-	-	(33)	-	(33)
Distributions paid	-	-	-	-	(69,726)	(69,726)
Interest paid	(59,489)	-	-	-	-	(59,489)
Borrowing costs paid	(2,531)	-	-	-	-	(2,531)
Total changes from financing cash flows	39,480	(3,700)	-	(33)	(254,943)	(219,196)
Changes in fair value	-	(8)	(405)	-	-	(413)
Liability related						
New swaps	-	21,999	-	-	-	21,999
Capitalised borrowing cost	1,194	-	-	-	-	1,194
Borrowing costs expense	54,719	-	-	-	-	54,719
Movement in borrowing costs payable	5,660	-	-	-	-	5,660
Total liability related other changes	61,573	21,999	-	-	-	83,572
Total equity related other changes	-	-	-	-	(31,903)	(31,903)
Balance at 30 June 2025	1,420,882	(21,478)	1	4,253	1,921,426	3,325,084

19 Borrowings (continued)

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Loans and borrowings	Interest rate swap and forward exchange contracts used for hedging - assets	Interest rate swap and forward exchange contracts used for hedging - liabilities	Leasing liabilities	Unitholder capital	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	1,030,267	(43,780)	886	4,312	2,876,454	3,868,139
Changes from financing cash flows						
Proceeds from issue of units	-	-	-	-	4,111	4,111
Payments for redemptions by unitholders	-	-	-	-	(376,580)	(376,580)
Proceeds from loans and borrowings	784,000	-	-	-	-	784,000
Repayments of loans and borrowings	(494,000)	-	-	-	-	(494,000)
Payment for settlement of derivatives	-	(3,798)	-	-	-	(3,798)
Payment of lease liabilities	-	-	-	(26)	-	(26)
Distributions paid	-	-	-	-	(85,935)	(85,935)
Interest paid	(46,752)	-	-	-	-	(46,752)
Borrowing costs paid	(2,929)	-	-	-	-	(2,929)
Total changes from financing cash flows	240,319	(3,798)	-	(26)	(458,404)	(221,909)
Changes in fair value	-	(9,684)	(480)	-	-	(10,164)
Liability related						
New swaps	-	17,493	-	-	-	17,493
Capitalised borrowing cost	1,114	-	-	-	-	1,114
Borrowing costs expense	50,658	-	-	-	-	50,658
Movement in borrowing costs payable	(2,529)	-	-	-	-	(2,529)
Total liability related other changes	49,243	17,493	-	-	-	66,736
Total equity related other changes	-	-	-	-	(209,778)	(209,778)
Balance at 30 June 2024	1,319,829	(39,769)	406	4,286	2,208,272	3,493,024

20 Derivative financial instruments

2025	Contract/notional \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
Interest rate swaps	1,187,500	21,478	-
Forward dated interest swap contracts			
Interest rate cap			
Maturing on 30 September 2025 floating interest rate above 4.25%	25,000	-	1
Maturing on 30 June 2026 floating interest rate above 4.000%	25,000	-	-
Interest rate cap	50,000	-	1
Total derivative financial instruments	1,237,500	21,478	1

2024	Contract/notional \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
Interest rate swaps	1,272,500	39,286	-
Forward dated interest swap contracts			
Commencing 24 January 2025 maturing on 24 January 2030 at a fixed rate of 4.29%	30,000	-	28
Commencing 23 October 2024 maturing on 23 April 2030 at a fixed rate of 3.96%	30,000	483	-
Forward dated interest swap contracts	60,000	483	28
Interest rate cap			
Maturing on 30 September 2025 floating interest rate above 4.25%	25,000	-	111
Maturing on 30 June 2026 floating interest rate above 4.000%	25,000	-	267
Interest rate cap	50,000	-	378
Total derivative liabilities	1,382,500	39,769	406

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The Scheme has entered into interest rate swap contracts to manage future interest payments on the Schemes borrowings.

A net unrealised loss of \$20,259,000 (2024: \$9,298,000) relating to the change in the fair value of the Scheme's interest rate swap contracts.

The Scheme paid swap up-front payments of \$3,797,500 during the year ended 30 June 2025.

20 Derivative financial instruments (continued)

In order to minimise exposure to fluctuations in interest rates, the Scheme may use a combination of interest rate swaps to ensure that the rate of interest on debt is predominantly fixed. Derivative financial instruments are not held for speculative purposes and are carried on the consolidated statement of financial position at fair value. Changes in fair value are recognised in the consolidated statement of comprehensive income.

Interest payments and receipts under interest rate swap contracts are recognised on an accrual basis in the consolidated statement of comprehensive income, as an adjustment to borrowing costs and other related costs when the transaction occurs.

21 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.

As part of its risk management strategy, the Scheme uses interest rate swaps to manage exposures resulting from changes in interest rates.

(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.

Price risk exposure arises from the Scheme's investment in unlisted property securities. The investments are classified on the consolidated statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Investment Manager mitigates this price risk through diversification and a careful selection of financial instruments within specified limits set by the Board.

The Scheme has exposures to price risk as shown in the table below. The table also demonstrates the sensitivity to reasonably possible changes in prices, 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 net potential increase. There is no impact on distributable earnings as they are net fair value movements only.

(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 has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain entities in which the Scheme invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model.

The Scheme is exposed to interest rate risk predominantly through borrowings. The Scheme uses interest rate swaps, which exchanges floating interest rates for fixed interest rates, and interest rate cap, which caps the Scheme's exposure up to a certain rate, to manage its exposure. Compliance with the policy is reviewed and reported to the Board regularly.

The table below summaries the Scheme's exposure to interest rate risks on its financial assets and liabilities. It includes the Scheme's assets and liabilities at fair values, categorised by maturity dates:

21 Financial risk management (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

2025	Floating interest rate \$'000	Fixed interest rate				Non-interest bearing \$'000	Total \$'000
		3 months or less \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
Assets							
Cash and cash equivalents	28,909	-	-	-	-	-	28,909
Receivables	-	-	-	-	-	16,066	16,066
Financial assets held at fair value through profit or loss	247,500	180,000	380,000	380,000	-	523,745	1,711,245
Loan receivables	-	-	41,853	-	-	-	41,853
Total financial assets	276,409	180,000	421,853	380,000	-	539,811	1,798,073
Liabilities							
Distribution payable	-	-	-	-	-	19,149	19,149
Payables	-	-	-	-	-	71,801	71,801
Financial liabilities held at fair value through profit or loss	-	-	-	1	-	-	1
Lease liabilities	-	54	163	668	3,368	-	4,253
Borrowings	1,151,500	-	-	275,000	-	-	1,426,500
Total financial liabilities	1,151,500	54	163	275,669	3,368	90,950	1,521,704
Net financial assets/(liabilities)	(875,091)	179,946	421,690	104,331	(3,368)	448,861	276,369
2024	Floating interest rate \$'000	Fixed interest rate				Non-interest bearing \$'000	Total \$'000
		3 months or less \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
Assets							
Cash and cash equivalents	39,373	-	-	-	-	-	39,373
Receivables	-	-	-	-	-	16,961	16,961
Financial assets held at fair value through profit or loss	-	150,000	200,000	610,000	372,500	541,475	1,873,975
Loan receivables	-	-	-	11,852	-	-	11,852
Total financial assets	39,373	150,000	200,000	621,852	372,500	558,436	1,942,161
Liabilities							
Distribution payable	-	-	-	-	-	23,071	23,071
Payables	-	-	-	-	-	33,368	33,368
Financial liabilities held at fair value through profit or loss	-	-	-	50,000	-	-	50,000
Lease liabilities	-	6	20	158	4,102	-	4,286
Borrowings	1,050,000	-	-	-	275,000	-	1,325,000
Total financial liabilities	1,050,000	6	20	50,158	279,102	56,439	1,435,725
Net financial assets/(liabilities)	(1,010,627)	149,994	199,980	571,694	93,398	501,997	506,436

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 or net assets attributable to unitholders, while a positive amount reflects a potential net increase.

Interest rate swaps with a contract/face value of \$1,187,500,000 representing 83.25% of the drawn borrowings, were in place at 30 June 2025 (2024: 100%).

Sensitivity	Impact on profit and net assets attributable to unitholders	
	2025 \$'000	2024 \$'000
Interest rate +1.00% (2024: +1.00%)	(649)	(3,219)
Interest rate -1.00% (2024: -1.00%)	649	3,219

The above calculation ignores the impact of any changes to the valuation of the interest rate swaps.

21 Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Scheme to make a financial loss. The Scheme has exposure to credit risk on all of its financial assets included in the Scheme's consolidated statement of financial position.

The Scheme manages this risk by performing credit reviews of prospective tenants, obtaining tenant collateral where appropriate and performing detailed reviews on tenant arrears. The Scheme reviews the aggregate exposures of tenant debtors and tenancies across its portfolio.

The Scheme applies the simplified expected credit loss (ECL) approach to estimate the amount of impairment loss on rent receivables. Under the simplified ECL approach, the Scheme estimates the expected lifetime losses to be recognised from initial recognition of the receivables. In estimating the lifetime ECL, the Scheme conducts an internal credit review that takes into account the historical loss experience, current observable data and reasonable forward-looking information as available, which include the significant changes in the performance and payment status of the debtors and anticipated significant adverse changes in business, financial or economic conditions that may impact the debtors' ability to meet its obligations. The additional provision during the current financial year was immaterial.

The Scheme is exposed to credit risk on financial instruments and derivatives. There is only a credit risk where the contracting entity is liable to pay the Scheme in the event of a close out.

Loans receivable consist of fit-out and construction loans. The Scheme is exposed to the risk of loss in relation to these loans due to the failure by borrowers to meet their obligation in accordance with the agreed terms. To mitigate the risk of potential losses that may arise from any default, the Scheme holds collateral as security for the loans. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of loans, net of any provisions for impairment. The compliance with credit limits is regularly monitored by the Scheme.

The Scheme makes an assessment whether there is a significant increase in credit risk at each reporting date. As disclosed in the accounting policy note, the Scheme applies a three-stage approach to distinguish the categories of loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. No loan loss provision made during the current financial year.

(d) 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. This risk is controlled through the Scheme's investment in financial instruments. In addition, 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.

The Scheme's investments may include listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

The Scheme may invest in investments in unlisted unit trusts that expose the Scheme to the risk that the Investment Manager of those trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Scheme.

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.

Units are redeemed on demand at the unitholders option via withdrawal facility offers by the Responsible Entity. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term and withdrawal offers are subject to limits set by the Responsible Entity.

The Scheme's policy is to hold a proportion of their investments in liquid assets.

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.

21 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturities analysis of financial liabilities (continued)

	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3+ years \$'000
2025				
Distributions payable	19,149	-	-	-
Payables	71,801	-	-	-
Lease liabilities	217	219	220	3,597
Borrowings	150,000	325,000	176,500	500,000
Net assets attributable to unitholders	1,921,426	-	-	-
Derivative liabilities	-	1	-	-
Total financial liabilities	2,162,593	325,220	176,720	503,597

	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3+ years \$'000
2024				
Distributions payable	23,071	-	-	-
Payables	33,368	-	-	-
Lease liabilities	215	217	218	3,636
Borrowings	100,000	325,000	325,000	575,000
Net assets attributable to unitholders	2,208,272	-	-	-
Derivative liabilities	-	111	267	28
Total financial liabilities	2,364,926	325,328	325,485	578,664

As disclosed above, the Scheme manages its liquidity risk by investing in liquid assets that it expects to be able to liquidate within seven days or less. Liquid assets include cash and cash equivalents and listed property trusts. As at 30 June 2025, these assets amounted to \$28,909,000 (2024: \$39,373,000), and Scheme also has access to an undrawn borrowing facility of \$148,500,000.

(e) Estimation of fair values of financial assets and financial liabilities

Except for the loan to tenants and borrowings, the carrying amounts of the Scheme's assets and liabilities at the end of each year approximate their fair values.

The Scheme values its investments in accordance with the accounting policies set out in note 22.

22 Fair value hierarchy

The Scheme measures and recognises the financial assets/(liabilities) held at fair value through profit or loss and investment properties 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.

22 Fair value hierarchy (continued)

The determination of what constitutes "observable" requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be the 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.

All fair value measurements disclosed are recurring fair value measurements.

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.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2025				
Financial assets				
<i>Financial assets held at fair value through profit or loss</i>				
Derivatives assets	-	18,716	-	18,716
Financing receivables	-	-	523,745	523,745
Total financial assets	-	18,716	523,745	542,461
Non-financial assets				
Properties held for sale	-	231,197	-	231,197
Investment properties	-	-	2,573,035	2,573,035
Total non-financial assets	-	231,197	2,573,035	2,804,232
Financial liabilities				
<i>Financial liabilities held at fair value through profit or loss</i>				
Derivatives liabilities	-	1	-	1
Total financial liabilities	-	1	-	1
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2024				
Financial assets				
<i>Financial assets held at fair value through profit or loss</i>				
Derivatives assets	-	35,651	-	35,651
Financing receivables	-	-	541,475	541,475
Total financial assets	-	35,651	541,475	577,126
Non-financial assets				
Properties held for sale	-	151,181	-	151,181
Investment properties	-	-	2,786,720	2,786,720
Total non-financial assets	-	151,181	2,786,720	2,937,901
Financial liabilities				
<i>Financial liabilities held at fair value through profit or loss</i>				
Derivatives liabilities	-	376	-	376
Total financial liabilities	-	376	-	376

The Scheme's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the year. There was a transfer from Level 2 to Level 3 due to reclass of a held for sale property during the year (2024: nil).

22 Fair value hierarchy (continued)

(b) Valuation techniques

(i) Financial instruments

The pricing for the majority of the Scheme's investments except for financing receivables is generally sourced from independent pricing sources, the relevant Investment Managers or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed property trusts and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter derivatives.

The fair value of interest rate swaps and interest rate cap are calculated using a discounted cash flow model as the present value of the estimated future cash flows based on observable yield curves. The model incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, and interest rate curves.

The fair value of financing receivables is determined with reference to the discounted cash flows associated with the underlying properties and their lease agreements. Independent valuations of these properties are obtained regularly, typically annually, in line with the Scheme's policy for investment properties, as disclosed below. The fair value estimates for financing receivables are included in level 3.

The stated fair value of each financial instruments at the end of the year represents the Responsible Entity's best estimate at the end of the year.

Specific valuation techniques used daily to value financial instruments include:

- for listed trusts, disclosed in level 1, the use of quoted market prices or dealer for similar instruments;
- for derivatives, the fair value of interest rate swaps and interest rate cap are calculated using a discounted cash flow model as the present value of the estimated future cash flows based on observable yield curves.

(ii) Investment properties

The investment property valuation policy is to have independent valuations conducted regularly, typically annually (excluding assets under development which are subject to valuation every 18 months), to aid with the determination of the assets fair value. In determining the fair value of an investment property, the primary method of assessment is considered to be via reconciliation between the discounted cash flow and income capitalisation methods. Direct comparison may also be used if appropriate.

- 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 analyses comparable sales on a range of metrics and compares those metrics against those of the subject property to establish the property's market value.

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

The stated fair value of each investment property at the end of the year represents the Responsible Entity's best estimate as at the end of the year. However, if an investment property is sold in the future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the consolidated financial statements if that differs from the valuation.

The fair value estimates for investment properties are included in level 3 as explained in section (c) below.

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

The changes in fair value of investment properties for the year are set out in note 16(b).

(i) Valuation inputs and relationship to fair value

The table below illustrates the key valuation assumptions used in the determination of the investment properties fair value:

Valuation inputs	2025	2024
Weighted average capitalisation rate (%)	5.44%	5.21%
Weighted average lease expiry (years)	15.0 years*	15.1 years*

22 Fair value hierarchy (continued)

*Includes the properties classified as financial assets. These properties are treated as investment properties for unit pricing and management reporting purposes.

The table below illustrates the key valuation assumptions used in the determination of the fair value of financing receivables:

Valuation inputs	2025	2024
Weighted average terminal capitalisation rate (%)	6.68%	6.56%
Weighted average discount rate (%)	7.28%	6.94%

(ii) Valuation processes

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 16. 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.

(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 market rental	Increase	Decrease
Adopted capitalisation rate	Decrease	Increase
Adopted terminal yield	Decrease	Increase
Adopted discount 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 assessing the discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship because the discount rate will determine the rate at which the terminal value is discounted to the present value. In theory, an increase (softening) in the adopted discount rate and a decrease (tightening) in the adopted terminal yield could potentially offset the impact on fair value, and vice versa. The impact on fair value may be magnified if both the discount rate and terminal yield move in the same direction.

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).

A sensitivity analysis was undertaken to assess the impact of capitalisation rates, discount rates and terminal yields on the fair value of the investment properties. The estimated impact of a change in these significant unobservable inputs is illustrated in the table below:

	30 June 2025 \$'000	30 June 2024 \$'000
Adopted capitalisation rate +0.25%	(137,875)	(147,796)
Adopted capitalisation rate -0.25%	151,169	162,693
Adopted discount rate +0.25%	(60,455)	(70,067)
Adopted discount rate -0.25%	66,490	73,059
Adopted terminal yield +0.25%	(49,960)	(64,108)
Adopted terminal yield -0.25%	56,021	49,132

22 Fair value hierarchy (continued)

(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.

23 Related party transactions

Responsible entity

The Responsible Entity of Australian Unity Healthcare Property Trust is Australian Unity Funds Management Limited (ABN 60 071 497 115).

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 as follows:

Adam Vise, Group Executive, Wealth & Capital Markets (Acting) (appointed 29 August 2025)
Darren Mann, Group Executive, Finance & Strategy and Chief Financial Officer
Esther Kerr, Group Executive, Wealth & Capital Markets (resigned 29 August 2025)
Rohan Mead, Chairman and Group Managing Director

The Directors are compensated by Australian Unity Funds Management Limited, which charges a management fee to the Scheme. Refer below.

(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.

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

Under the Scheme's Constitution, the Responsible Entity is entitled to receive fees monthly calculated daily by reference to the gross assets of the Scheme.

The base management fees paid by the unitholders was 0.65% per annum of the Scheme's gross asset value ("GAV") under \$2 billion (previously 0.65% per annum), 0.50% per annum of the Scheme's GAV between \$2 billion and \$4 billion (previously 0.50% per annum) and 0.40% per annum of the Scheme's GAV over \$4 billion.

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

The transactions during the year and amounts payable at 30 June 2025 between the Scheme and the Responsible Entity were as follows:

	2025 \$	2024 \$
Management fees for the year paid/payable by the Scheme to the Responsible Entity	<u>20,552,351</u>	21,881,358
Administration expenses incurred by the Responsible Entity which are reimbursed in accordance with the Scheme's Constitution	<u>7,223,805</u>	6,370,750
Fees rebated by the Responsible Entity for the Scheme's investments in other schemes managed by the Responsible Entity	<u>552</u>	37,924
Aggregate amounts payable to the Responsible Entity at the end of the year	<u>3,384,929</u>	2,039,769

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

23 Related party transactions (continued)

Management fees and other transactions (continued)

(a) Other related party transactions

Australian Unity Property Management Pty Ltd

Australian Unity Property Management Pty Ltd ("AUPML") 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

The total fees paid/payable to AUPML for the year ended 30 June 2025 was \$2,164,728 (2024: \$2,711,334). Total accrued fees payable to AUPML as at 30 June 2025 was \$16,800 (2024: \$590,825).

The Scheme charged Australian Unity Care Services Pty Limited ("AUCSPL") total rent of \$2,181,154 (2024: \$2,117,626) during the year for Constitution Hill Aged Care, the receivable as at 30 June 2025 was \$nil (2024: nil). On 21 January 2025, the Scheme settled the sale of Constitution Hill to Australian Unity Aged Care Trust ("AUACT").

The Responsible Entity, AUPML, Herston Development Company Pty Ltd, AUACT and AUCSPL are wholly owned subsidiaries of Australian Unity Limited and members of the Australian Unity Group. All related party transactions are under normal commercial terms and conditions and at market rates.

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:

2025

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
Lifeplan Australia Friendly Society Limited**	-	3,454	7,796	0.41	3,817	(363)	274
AUFM Managed Fund No.2 (referred to as" Pro-D Balanced Fund")	1,183	2,141	4,833	0.25	1,238	(280)	176
AUFM Managed Fund No.3 (referred to as" Pro-D Growth Fund")	815	1,646	3,716	0.19	1,038	(207)	128
AUFM Managed Fund No.1 (referred to as" Pro-D High Growth Fund")	259	531	1,199	0.06	340	(68)	42
Australian Unity Strategic Holdings Pty Ltd	34,405	-	-	-	-	(34,405)	1,532
Australian Unity Strategic Investments Pty Ltd	-	34,405	76,898	4.00	34,405	-	1,515
LP Lifeplan Management Fund	5	4	9	0.01	-	(1)	1
Australian Unity Health Ltd	18,200	26,412	59,614	3.10	8,571	(359)	2,184

23 Related party transactions (continued)

Related party unitholdings (continued)

2025

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 Diversified Common Fund 2	-	808	1,824	0.09	888	(80)	64
Australian Unity Charitable Common Fund 3	-	143	322	0.02	159	(16)	12
Total	54,867	69,544	156,211	8.13	50,456	(35,779)	5,928

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

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 Property Income Fund	888	405	972	0.04	-	(483)	63
Lifeplan Australia Friendly Society Limited**	3,400	-	-	-	-	(3,400)	81
AUFM Managed Fund No.2 (referred to as" Pro-D Balanced Fund")	1,137	1,183	2,841	0.13	46	-	116
AUFM Managed Fund No.3 (referred to as" Pro-D Growth Fund")	784	815	1,959	0.09	31	-	80
AUFM Managed Fund No.1 (referred to as" Pro-D High Growth Fund")	249	259	622	0.03	10	-	25
Australian Unity Strategic Holdings Pty Ltd	34,290	34,405	81,825	3.68	115	-	3,860
LP Lifeplan Management Fund	96	5	12	-	-	(91)	-
Australian Unity Health Ltd	-	18,200	43,713	1.97	18,200	-	1,365
Total	40,844	55,272	131,944	5.94	18,402	(3,974)	5,590

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

Investments

The Scheme held investments in the following schemes which are also managed by Australian Unity Funds Management Limited or its related parties:

23 Related party transactions (continued)

Investments (continued)

	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 received/ receivable \$'000
2024							
Australian Unity Wholesale Cash Fund**	4,290	2,564	2,564	0.58	104,090	(105,816)	153
Altius Sustainable Short Term Income Fund**	25,175	2,404	2,420	0.61	3,219	(25,990)	609
	<u>29,465</u>	<u>4,968</u>	<u>4,984</u>		<u>107,309</u>	<u>(131,806)</u>	<u>762</u>

Distributions received/receivable includes an amount of \$1,170 (2024: \$133,173) which remains unpaid at the end of the year.

**Ceased to be Related Party Investment Schemes during FY25.

24 Reconciliation of profit/(loss) to net cash inflows from operating activities

(a) Reconciliation of profit/(loss) to net cash inflows from operating activities

	2025 \$'000	2024 \$'000
Decrease in net assets attributable to unitholders	(35,826)	(213,666)
Add back interest expenses and debt establishment costs	64,625	54,456
Realised loss on sale of investment property	2,014	220
Net change in fair value of financial instruments	8,035	(32,508)
Net change in fair value of the investment properties	53,194	296,361
Net change in receivables	893	1,099
Net change in accounts payable/liabilities	18,037	10,629
Net change in other assets	2,439	2,213
Adjustment to net lease incentives and straight line rental	2,119	(2,473)
Effect of valuation changes in cash managed trusts	(9)	118
Collection of financing receivables	30,762	29,636
Net cash inflows from operating activities	146,283	146,085

(b) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

	12,706	13,852
Total non-cash financing activities	12,706	13,852

25 Parent entity financial information

	2025	2024
	\$'000	\$'000
Statement of financial position		
Cash and cash equivalents	11,790	31,012
Receivables	7,068	6,414
Loan receivables	11,469	11,852
Financial assets held at fair value through profit or loss	18,720	35,656
Other assets	2,594	3,878
Properties held for sale	231,197	151,181
Investment in subsidiaries	1,665,248	1,711,200
Investment properties	1,439,415	1,625,593
Total assets	3,387,501	3,576,786
Distributions payable	19,149	23,071
Payables	21,791	20,952
Financial liabilities held at fair value through profit or loss	1	376
Lease liabilities	4,253	4,286
Borrowings	1,420,881	1,319,829
Total liabilities (excluding net assets attributable to unitholders)	1,466,075	1,368,514
Net assets attributable to unitholders	1,921,426	2,208,272

	2025	2024
	\$'000	\$'000
Statement of comprehensive income		
Profit before finance costs attributable to unitholders	(35,826)	(213,666)
<i>Finance costs attributable to unitholders</i>		
Distributions to unitholders	(78,509)	(95,899)
Increase in net assets attributable to unitholders	114,335	309,565
Total comprehensive income for the year	-	-

The parent entity had no contingent assets, liabilities or capital commitments at 30 June 2025 or 30 June 2024.

26 Events occurring after end of the financial year

Esther Kerr resigned as a director of the Responsible Entity on 29 August 2025.

Adam Vise was appointed as a director of the Responsible Entity on 29 August 2025.

On 5 September 2025, the Scheme exchanged contracts to sell 9-13 Flintoff Street, Greensborough, VIC for \$32,500,000 excluding selling costs.

In September 2025, the Scheme entered into a contract to acquire Parts 9-10 North Terrace and Part 13 West Terrace, Adelaide, SA for a purchase price of \$11,370,000. Settlement is scheduled for 19 September 2025.

Other than the matters above, the directors of the Responsible Entity are not aware of any other matters or circumstances arising since 30 June 2025 that have significantly affected or may significantly affect the financial position of the Scheme disclosed in the consolidated statement of financial position as at 30 June 2025 or on the results and cash flows of the Scheme for the year ended on that date.

27 Contingent assets and liabilities and commitments

The Scheme had no other contingent assets or liabilities as at 30 June 2025 and 30 June 2024.

Commitments arising from contracts principally relating to capital expenditure on investment properties which are contracted for at reporting date but not recognised on the consolidated statement of financial position are \$83,700,000 (2024: \$88,905,000).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The consolidated financial statements and notes set out on pages 7 to 46 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2025 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 consolidated financial statements are in accordance with the Scheme's Constitution, and
- (d) Note 2 confirms that the consolidated 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.



Rohan Mead
Director



Darren Mann
Director

16 September 2025



Independent Auditor's Report

To the unitholders of Australian Unity Healthcare Property Trust

Opinion

We have audited the **Financial Report** of Australian Unity Healthcare Property Trust (the Scheme).

In our opinion, the accompanying Financial Report of the Scheme gives a true and fair view, including of the **Group's** financial position as at 30 June 2025 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:

- Consolidated statement of financial position as at 30 June 2025;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Scheme and the entities it controlled at the year end or from time to time during the financial year.

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

Other Information

Other Information is financial and non-financial information in Australian Unity Healthcare Property Trust'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 as Responsible Entity of the Scheme are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or 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 the Directors of the Responsible Entity for the Financial Report

The Directors of Australian Unity Funds Management Limited as Responsible Entity of the Scheme 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 Group, 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 Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and 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 the 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:

https://www.auasb.gov.au/media/apzlvn0y/ar3_2024.pdf. This description forms part of our Auditor's Report.



KPMG



David Kells

Partner

Sydney

17 September 2025