Australian Unity Healthcare Property Trust

ARSN 092 755 318

Annual report
for the year ended 30 June 2024

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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 2024 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):

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

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

The Scheme invests in property syndicates or companies that mainly hold healthcare property and similar international healthcare related assets in countries with healthcare systems and property markets with key attributes similar to Australia.

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

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

Review and results of operations
Capital management
Per the Scheme's objectives and principles activities noted above, the Scheme's largest financial exposure is to property and related valuations. During the year under review, the property sector witnessed a downturn in property valuations which had a flow on impact to the Scheme. The Scheme reported a statutory loss after tax of $213,000,000, with $296,000,000 related to downward valuations of property asset holdings.

In November 2023, the Scheme completed its inaugural issuance of senior, unsecured, six-year fixed rate $AMedium Term Notes (A$MTN), raising a total of A$275,000,000. Proceeds from the A$MTN issuance were used to repay and cancel a shorter term $250,000,000 bank debt tranche which was due to mature in May 2024.

Moody's Investor Services maintains the Baa1 issuer rating for the Scheme.

From 20 March 2024, Class A Units have opened to daily applications for indirect investors only via platforms or IDPS operators. From 1 May 2024, the Trust’s Wholesale Units have opened to daily applications for all investors.

Property acquisitions
On 21 February 2024, the Scheme completed the purchase of Lot 3, 2-14 Weippin Street, Cleveland, NSW for a purchase price of $35,541,000 and acquisition costs of $3,105,000.

Property disposals
On 17 July 2023, the Scheme settled the sale of Herston Quarter Private Hospital, 40 Bowen Road, Herston, QLD for $13,000,000 excluding selling costs.

On 31 January 2024, the Scheme settled the sale of Manningham Medical Centre, 200 High Street, Templestowe Lower, VIC for $45,000,000 excluding selling costs.

On 16 January and 5 February 2024, the Scheme settled the sale of Gosford Private Medical Centre, Suites 4, 5, 6, 7 and 11, No 12 Jarrett Street, North Gosford, NSW for a combined total of $4,450,000 excluding selling costs.

On 31 January 2024, the Scheme settled the sale of 46-50 Underwood Street, Corrimal, NSW for $20,000,000 excluding selling costs.

On 26 March 2024, the Scheme settled the sale of 14 Highfields Circuit, Port Macquarie, NSW for $14,200,000 excluding selling costs.

On 29 April 2024, the Scheme settled the sale of 7 & 9 Westwood Avenue, Belmore, NSW for $1,201,000 & 1,210,000 excluding selling costs.

Review and results of operations (continued)

Property disposals (continued)

On 13 May 2024, the Scheme exchanged contracts to sell 70 Moreland Road, Brunswick, VIC. Settlement occurred on 19 July 2024 for $1,181,000 excluding selling costs.

On 20 May 2024, the Scheme settled the sale of 93 Davies Street, Brunswick, VIC for $910,000 excluding selling costs.

On 6 June 2024, the Scheme exchanged contracts to sell Hunters Hill Private Hospital, 9 Mount Street, Hunters Hill, NSW for $28,000,000 excluding selling costs.

On 24 June 2024, the Scheme settled the sale of 21 Bright Place, Birtinya, QLD for $3,900,000 excluding selling costs.

On 25 June 2024, the Scheme settled the sale of 84-88 Bridge Road, Richmond, VIC for $24,000,000 excluding selling costs.

On 28 June 2024, the Scheme exchanged contracts to sell 80-82 Bridge Road, Richmond, VIC. Settlement occurred on 5 July 2024 for $5,000,000 excluding selling costs.

On 28 June 2024, 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.

Security disposals

During the current year, the Scheme settled the sale of the remaining 13,350,347 Arena REIT units for $47,099,300 excluding selling costs.

Property valuations

The current reporting period valuations were less than the revalued properties' carrying values resulting in a net fair value loss of $296,361,000 (2023: increment of $45,047,000).

Derivatives

In the current year, the Scheme recognised net loss on derivative instruments held at fair value through profit or loss of $9,298,000 (2023: gain of $1,350,000).

Results

For the year ended 30 June 2024, the Scheme's:

- Retail units posted a total return of -8.95% (split between a distribution return of 3.54% and a growth return of -12.49%)*
- Wholesale units posted a total return of -8.95% (split between a distribution return of 3.53% and a growth return of -12.48%)*
- Class A units posted a total return of -7.41% (split between a distribution return of 3.44% and a growth return of -10.85%)*

Unit prices (ex distribution) as at 30 June 2024 (2023) are as follows:
Retail units $2.4487 ($2.7980)*
Wholesale units $2.3889 ($2.7294)*
Class A units $1.4681 ($1.6467)*

*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:

	2024 $'000	2023 $'000
(Loss)/Profit attributable to unitholders	**(213,666)**	119,558
Distributions - Retail units		
Distributions paid and payable	**7,895**	8,487
Distributions - Wholesale units		
Distributions paid and payable	**80,864**	83,477
Distributions - Class A units		
Distributions paid and payable	**7,140**	8,755

Significant changes in the state of affairs
In the opinion of the directors of the Responsible Entity, there were no other 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 (Sunshine Private Hospital), the operator and tenant of Sunshine Private Hospital, was placed into Voluntary Administration effective 27 May 2024. On 27 May 2024, Wexted Advisors was appointed as Voluntary Administrator. On 29 May 2024, the Scheme engaged EY as Receivers and Managers for the Company. Since that date, the Receivers have been responsible for overseeing the Company's assets, business operations, and all trading matters. Wexted was appointed as Liquidator on 18 June 2024 and are expected to finalise their statutory report and distribute it to all creditors, including the Scheme, by the end of September 2024. Management is working closely with EY to identify suitable parties for the future leasing of the premises and for the sale of the business assets and equipment. Additionally, a security deposit of $4,027,977 provided by the Tenant's parent company Unitas as per the Agreement for Lease, is currently being held by external legal counsel for the Scheme with the release of this deposit to the Scheme being the subject of ongoing dispute.

Resolution of external proposal to acquire the units in the Scheme and related matters
During July 2023, proceedings originally issued in 2021 by NorthWest Healthcare Australia RE Limited (NorthWest) against Australian Unity Funds Management (AUFM), as responsible entity of the Australian Unity Healthcare Property Trust (AUHPT), and other parties were settled. As previously reported, AUFM agreed to work in good faith to assist NorthWest and its affiliates to divest their units in AUHPT via a variety of measures, including by facilitating the sale and transfer of NorthWest's and its affiliates' units to subsidiaries of Australian Unity Limited and new and existing investors and increasing the August 2023 and November 2023 withdrawal facilities.

Events occurring after end of the year
On 23 August 2024, the Scheme exchanged contracts to sell 18 Lorraine Avenue, Padstow Heights, NSW. Settlement will occur on 22 November 2024 for $1,705,000 excluding selling costs.

On 17 September 2024, the Scheme exchanged contracts to sell Suite 1&2, 12 Jarrett Street, North Gosford, NSW. Settlement will occur on 29 October 2024 for $7,300,000 excluding selling costs.

Other than the above matters and those mentioned elsewhere in the report, no other matters or circumstances have arisen since 30 June 2024 that have significantly affected, or may significantly affect the operations of the Scheme, the result of operations, or the state of the Scheme's affairs for the year ended on that date.

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

Indemnification and insurance of officers and auditors
No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Australian Unity Funds Management Limited or the auditors of the Scheme. So long as the officers of Australian Unity Funds Management Limited act in accordance with the 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 2 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

Esther Kerr
Director

23 September 2024

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

To the Directors of Australian Unity Funds Management Limited as Responsible Entity 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 2024 there have been:

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

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

KPMG

David Kells

Partner

Sydney

23 September 2024

Consolidated statement of comprehensive income

	Notes	**2024 $'000**	2023 $'000
Income			
Rental income	3	**171,469**	155,084
Property expenses	4	**(36,068)**	(27,062)
Net property income		**135,401**	128,022
Interest income	5	**3,593**	4,262
Distribution income	6	**1,004**	4,623
Net gains on financial instruments held at fair value through profit or loss	7	**51,970**	10,267
Net loss on disposal of investment properties		**(220)**	(15)
Net fair value (loss)/gain on investment properties	16(b)	**(296,361)**	45,047
Other income		**38**	101
Total income net of property expenses		**(104,575)**	192,307
Expenses			
Management fees	23	**28,252**	25,859
Borrowing costs		**73,917**	43,263
Other expenses	9	**6,922**	3,627
Total expenses, excluding property expenses		**109,091**	72,749
(Loss)/profit attributable to unitholders		**(213,666)**	119,558
Total comprehensive income			
Distributions to unitholders	11	**(95,899)**	(100,719)
Decrease/(increase) in net assets attributable to unitholders	10	**309,565**	(18,839)
Total comprehensive income attributable to unitholders		**-**	-

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

Consolidated statement of financial position

	Notes	2024 $'000	2023 $'000
Assets			
Cash and cash equivalents	12	**39,373**	60,176
Receivables	13	**16,961**	18,058
Financial assets held at fair value through profit or loss	14	**577,126**	617,528
Loans receivable	15	**11,852**	55,705
Other assets		**5,989**	6,429
Properties held for sale	17	**151,181**	13,000
Investment properties	16	**2,786,720**	3,191,422
Total assets		**3,589,202**	3,962,318
Liabilities			
Distributions payable	11	**23,071**	26,960
Payables	18	**33,368**	23,611
Financial liabilities held at fair value through profit or loss	14	**376**	713
Lease liabilities	16(d)	**4,286**	4,313
Borrowings	19	**1,319,829**	1,030,267
Total liabilities (excluding net assets attributable to unitholders)		**1,380,930**	1,085,864
Net assets attributable to unitholders - liability	10	**2,208,272**	2,876,454

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

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

	2024	2023
	$'000	$'000
Balance at the beginning of the year	**2,876,454**	2,590,511
(Loss)/profit before finance costs attributable to unitholders	**(213,666)**	119,558
Distributions to unitholders	**(95,899)**	(100,719)
Applications	**4,111**	332,769
Redemptions	**(376,580)**	(80,213)
Units issued upon reinvestment of distributions	**13,852**	14,548
Balance at the end of the year	**2,208,272**	2,876,454

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

Consolidated statement of cash flows

	Notes	**2024 $'000**	2023 $'000
Cash flows from operating activities			
Interest received		**4,311**	4,018
Distributions and other income received		**1,807**	5,440
Collection of financing receivables		**29,636**	22,679
Rental income received		**166,448**	148,479
Payments to suppliers		**(56,117)**	(54,082)
Net cash inflow from operating activities	24	**146,085**	126,534
Cash flows from investing activities			
Purchase of investment properties		**(35,541)**	(185,535)
Acquisition costs on purchases of investment properties		**(2,882)**	(6,327)
Payments for additions to owned investment properties		**(124,261)**	(159,779)
Receipts from tenants for repayment of loans		**45,616**	-
Advanced to tenants for loans		**(1,764)**	(11,513)
Purchase of financial assets held at fair value through profit or loss		**-**	(273,704)
Payments for potential acquisitions		**(1,371)**	(230)
Proceeds from sale of investment properties		**128,561**	5,080
Disposal costs paid from sale of investment properties		**(333)**	(14)
Proceeds from sale of financial instruments held at fair value through profit or loss		**46,996**	44,320
Net cash inflow/(outflow) from investing activities		**55,021**	(587,702)
Cash flows from financing activities			
Proceeds from applications by unitholders		**4,111**	332,769
Payments for redemptions by unitholders		**(376,580)**	(80,213)
Proceeds from borrowings		**784,000**	835,000
Repayment of borrowings		**(494,000)**	(497,000)
Distributions paid		**(85,935)**	(82,961)
Payment of borrowing costs and other related costs		**(46,752)**	(33,129)
Finance establishment costs paid		**(2,929)**	(1,650)
Payment of lease liabilities		**(26)**	(10)
Swap up-front payments		**(3,798)**	(9,695)
Net cash (outflow)/inflow from financing activities		**(221,909)**	463,111
Net (decrease)/increase in cash and cash equivalents		**(20,803)**	1,943
Cash and cash equivalents at the beginning of the year		**60,176**	58,233
Cash and cash equivalents at the end of the year	12	**39,373**	60,176
Non-cash operating and financing activities	24(b)	**13,852**	14,548

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

Notes to the financial statements

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 2023 to 30 June 2024.

The consolidated financial statements were authorised for issue by the directors of the Responsible Entity on 23 September 2024. The directors of the Responsible Entity have the power to amend and reissue the consolidated financial statements.

2 Summary of material accounting policies

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

(a) Basis of preparation

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

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

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

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) Compliance with Australian Accounting Standards and International Financial Reporting Standards

The consolidated financial statements of the Scheme comply with Australian Accounting Standards as issued by AASB and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated financial statements of the Scheme have been prepared on a consolidated basis to provide the end users of the financial information with the most appropriate information in making financial decisions.

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

The Scheme applied the following standard that became mandatory for the first time during the reporting period:

AASB 2021-2 Disclosure of Accounting Policies and Definition of Accounting Estimates: This amends AASB Standards to provide a definition of and clarifications on accounting estimates and clarify the concept of materiality in the context of disclosure of accounting policies. The amendments did not result in any changes to the accounting policies or the accounting policy information disclosed in these financial statements.

(iii) New accounting standards, amendments and interpretations

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

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by the Scheme as at 30 June 2024 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.

2 Summary of material accounting policies (continued)

(b) Principles of consolidation (continued)

Subsidiaries (continued)

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.

(c) Investment properties

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

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

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

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

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.

(d) Financial instruments

(i) Classification

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

- *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*.

2 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

(i) Classification (continued)

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.

(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 21 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.

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 loan 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.

2 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

(iii) Measurement (continued)

- 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.

(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.

(e) Derivatives
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.

(f) Net assets attributable to unitholders
Units are redeemable at the unitholders' option via 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.

The Scheme classifies the net assets attributable to unitholders as liabilities as they do not satisfy the criteria to be classified as equity under AASB 132 *Financial instruments: Presentation.*

2 Summary of material accounting policies (continued)

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

Receipts relating to financing receivables are classified as cash flows from operating activities as this represents one of the Scheme's income generating activities.

(h) Investment income
Dividend income is recognised on the ex-dividend date.

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

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

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.

(i) Expenses
All expenses, including property expenses, management fees and custodian fees, are recognised in consolidated statement of comprehensive income on an accruals basis.

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

(k) Distributions
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.

(l) Increase/decrease in net assets attributable to unitholders
Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in consolidated statement of comprehensive income as finance costs.

(m) Receivables
Receivables may include amounts for dividends, interest, rental income arrears, trust distributions and securities sold where settlement has not yet occurred. Dividends and trust 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 2(h) above. Amounts are generally received within 30 days of being recorded as receivables.

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

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

(n) Payables
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.

Interest is taken up as an expense on an accrual basis.

2 Summary of material accounting policies (continued)

(n) Payables (continued)

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.

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.

(o) Applications and redemptions

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

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

(p) Borrowings and borrowing costs

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

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

(q) Goods and Services Tax (GST)

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

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

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

(r) Leases as lessor

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 from straight-lining of rental income are 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.

2 Summary of material accounting policies (continued)

(r) Leases as lessor (continued)

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

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

(s) Leases as lessee

The right-of-use asset and a corresponding lease liability are recognised at which the leased asset is available for use by the Scheme.

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.

(t) Use of judgements and estimates

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

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

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.

2 Summary of material accounting policies (continued)

(t) 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.

(u) Rounding of amounts

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

(v) 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.

(w) Structured entities

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.

3 Rental income

	2024	2023
	$'000	$'000
Rental income	**149,267**	136,129
Outgoings income	**24,138**	20,788
Amortisation of lease commissions & lease incentives	**(1,936)**	(1,833)
	171,469	155,084

Rental income includes movement for the straight lining of rental income of $4,409,000 (2023: $8,155,000).

4 Property expenses

	2024	2023
	$'000	$'000
Recoverable outgoings	**27,041**	23,341
Non-recoverable outgoings	**3,838**	3,299
Provision for expected credit losses	**5,189**	422
	36,068	27,062

5 Interest income

	2024 $'000	2023 $'000
Cash and cash deposits	**1,486**	707
Loan receivables	**2,107**	3,555
	3,593	4,262

6 Distribution income

	2024 $'000	2023 $'000
Listed property trusts	**241**	3,149
Related unlisted managed investment schemes	**763**	1,474
	1,004	4,623

7 Financial instruments held at fair value through profit or loss

	2024 $'000	2023 $'000
Net gain on derivatives	**10,164**	6,480
Net (loss)/gain on listed property trusts	**(3,202)**	(13,320)
Net gain on financing receivables	**44,889**	16,763
Net gain/(loss) on related unlisted managed investment scheme	**119**	344
Net gains/(losses) on financial instruments held at fair value through profit or loss	**51,970**	10,267

8 Auditor's remuneration

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

	2024 $	2023 $
Audit services - KPMG (2023: PwC)		
Audit and review of financial statements	**145,638**	194,400
Audit of compliance plan	**3,000**	4,917
Total auditors' remuneration	**148,638**	199,317

9 Other expenses

The following table details the other operating expenses incurred by the Scheme during the year:

	2024 $'000	2023 $'000
Consultancy fees and other related costs	**6,086**	3,259
Administration	**836**	368
	6,922	3,627

Consultancy fees and other related costs include costs associated with the external proposal to acquire the units in the Scheme and related matters. Refer to note 27 for further information.

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.

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

Contributed equity	2024 No. '000	2023 No. '000	2024 $'000	2023 $'000
Opening balance	**1,118,907**	1,027,865	**1,826,491**	1,559,387
Retail units				
Applications	**18**	21	**50**	61
Redemptions	**(5,145)**	(4,570)	**(13,944)**	(12,750)
Units issued upon reinvestment of distributions	**935**	949	**2,439**	2,584
	(4,192)	(3,600)	**(11,455)**	(10,105)
Wholesale units				
Applications	**1,416**	120,582	**3,504**	333,641
Redemptions	**(116,904)**	(16,111)	**(303,772)**	(43,853)
Units issued upon reinvestment of distributions	**4,409**	4,384	**11,217**	11,646
Units issued transaction costs	**-**	-	**-**	(937)
	(111,079)	108,855	**(289,051)**	300,497
Class A units				
Applications	**363**	3	**557**	4
Redemptions	**(36,858)**	(14,414)	**(58,864)**	(23,610)
Units issued upon reinvestment of distributions	**127**	198	**196**	318
	(36,368)	(14,213)	**(58,111)**	(23,288)
Closing balance	**967,268**	1,118,907	**1,467,874**	1,826,491

	2024 $'000	2023 $'000
Undistributed income		
Opening balance	**1,049,963**	1,031,124
(Decrease)/Increase in net assets attributable to unitholders	**(309,565)**	18,839
Closing balance	**740,398**	1,049,963
Total net assets attributable to unitholders	**2,208,272**	2,876,454

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.

10 Net assets attributable to unitholders (continued)

Capital risk management (continued)

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:

	2024 $'000	**2024 CPU**	2023 $'000	2023 CPU
Distributions - Retail units				
30 September	**1,983**	**2.5680**	2,102	2.5160
31 December	**1,981**	**2.5760**	2,095	2.5160
31 March	**1,971**	**2.5720**	2,207	2.6820
30 June (payable)	**1,960**	**2.5710**	2,083	2.5900
	7,895		8,487	
Distributions - Wholesale units				
30 September	**21,087**	**2.5000**	19,095	2.4500
31 December	**20,431**	**2.5000**	19,058	2.4500
31 March	**19,908**	**2.5000**	22,665	2.6500
30 June (payable)	**19,438**	**2.5000**	22,659	2.5500
	80,864		83,477	
Distributions - Class A units				
30 September	**1,983**	**1.4660**	1,993	1.2340
31 December	**1,751**	**1.4470**	2,201	1.3810
31 March	**1,732**	**1.4670**	2,343	1.4990
30 June (payable)	**1,674**	**1.4740**	2,218	1.4800
	7,140		8,755	
Total distributions	**95,899**		100,719	

12 Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank	**34,390**	30,793
Cash management trusts	**4,983**	29,383
	39,373	60,176

13 Receivables

	2024 $'000	2023 $'000
Trade receivables	**17,110**	10,722
GST receivables	**1,179**	6,158
Distributions receivables	**15**	699
Interest receivables	**167**	885
Doubtful debts provision	**(1,510)**	(406)
	16,961	18,058

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

	2024 $'000	2023 $'000
Financing receivables	**541,475**	525,843
Listed property trusts	**-**	50,197
Derivative assets	**35,651**	41,488
Total financial assets held at fair value through profit or loss	**577,126**	617,528
Derivative liabilities	**376**	713
Total financial liabilities held at fair value through profit or loss	**376**	713

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 2024 $'000	30 June 2023 $'000
The Terraces Aged Care Facility, 74 University Drive, Varsity Lakes, QLD	**40,485**	37,574
Edge Hill Orchards Aged Care Facility, 15 Oregon Street, Manoora, QLD	**38,073**	35,400
Capella Bay Aged Care Facility, 260 Old Cleveland Road East, QLD	**35,989**	33,405
Caravonica Aged Care Facility, 15-17 Lake Placid Road, Caravonica, QLD	**30,161**	28,250
Edmonton Gardens Aged Care Facility, 1-15 Bruce Highway, Edmonton, QLD	**30,418**	28,200
Seabrook Aged Care Facility, 15-29 Bonton Avenue, Deception Bay, QLD	**31,904**	29,640
Mount Lofty Toowoomba Aged Care Facility, 69 Stuart Street, Harlaxton, QLD	**29,400**	27,300
Cornubia Aged Care Facility, 136-144 Beenleigh Redland Bay Road, Cornubia, QLD	**29,178**	27,100
Charles Young Aged Care, 53-59 Austral Terrace, Morphettville, SA	**41,300**	42,500
Walkerville Aged Care, 160-176 Walkerville Terrace, Walkerville, SA	**35,650**	36,850
Ridgehaven Aged Care, Lot 1, Hazel Grove, Ridgehaven, SA	**30,150**	31,150
Holly Aged Care, 16-24 Penneys Hill Road, Hackham, SA	**27,300**	28,000
Somerton Park Aged Care, 44-46 Chopin Road, Somerton Park, SA	**26,100**	26,900
Marten Aged Care, 110 Strathfield Terrace, Largs North, SA	**21,000**	20,850
Smithfield Aged Care, 1 Warooka Drive, Smithfield, SA	**15,600**	15,450
Ross Robertson Aged Care, 19-33 Cornhill Road, Victor Harbor, SA	**11,500**	11,800
Little Para Aged Care, 24 - 28 Wayford Street, Elizabeth Vale, SA	**9,250**	9,200
The Ormsby, 112 Burnett Street, Buderim, QLD	**37,350**	37,074
Ipswich Aged Care Facility, 41-43 South Street, Ipswich, QLD	**20,667**	19,200
Total financing receivables	**541,475**	525,843

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

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

	2024	2023
	$'000	$'000
Opening balance	**525,843**	258,055
Acquisitions	**-**	272,789
Additions	**298**	916
Collection of financing receivables	**(29,636)**	(22,679)
Revaluation movements	**44,970**	16,762
Total	**541,475**	525,843

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

	2024	2023
	$'000	$'000
Loans to tenants	**11,852**	55,705
	11,852	55,705

As at 30 June 2024, a $711,430 loan loss provision has been made during the year ended 30 June 2024 (2023: nil).

Loans to tenants comprises six loans to Infinite Care advanced when the aged care properties were acquired. The loans were provided to finance lessee costs of fitting out of the aged care properties and are governed by a Fit Out Loan Agreement. The loans are repayable in four years from acquisition and the interest is payable on a quarterly basis. The loans are secured by a fixed and floating charge over the assets of the applicable lessee and approved aged care provider entities, with cross guarantees provided between the holding companies. During the year, the six Infinite Care loans with a principal of $43,704,862 have been fully repaid (2023: nil).

The Scheme has provided a $4,000,000 facility to a tenant to assist with fitout items. The loan is secured by a fixed and floating charge over the applicable assets of the lessee. The loan is repayable in five years and the interest is payable on a quarterly basis. Total principal repayments made during the year was $400,000 (2023: nil).

$8,000,000 was advanced to another tenant to assist with the fitout items. The loan is secured by a fixed and floating charge over the applicable assets of the lessee. The loan is repayable in five years and the interest is payable on a quarterly basis. Total principal repayments made during the year was $800,000 (2023: nil).

During the year, $1,763,866 was advanced to another tenant to assist with the fitout items. The loan is secured by a fixed and floating charge over the applicable assets of the lessee. The loan is repayable in five years and the interest is payable on a quarterly basis.

16 Investment properties

(a) Property details

	Type	**Ownership**	**Independent valuation date**	**Independent valuation amount**	**Carrying value 2024**	Carrying value 2023
		(%)		**$'000**	**$'000**	$'000
Herston Quarter - Surgical Treatment and Rehabilitation Service (STARS), Herston QLD	Hospital	100	22/11/2023	555,000	**556,823**	605,964
Peninsula Private Hospital, Langwarrin, VIC	Hospital	100	22/12/2023	309,500	**309,660**	324,664
Mulgrave Private Hospital, Dandenong North, VIC	Hospital	100	22/05/2024	200,000	**199,590**	182,582
Beleura Private Hospital, Mornington, VIC	Hospital	100	22/12/2023	166,000	**166,075**	179,031
Sunshine Private Hospital, VIC	Hospital	100	28/06/2024	129,500	**129,500**	192,402
RPAH Medical Centre, Newtown, NSW	Held for sale	100	22/12/2023	117,000	**117,000**	133,475
15 Butterfield Street, Herston, QLD	Medical Centre/Office	100	22/02/2024	105,000	**106,069**	123,304

16 Investment properties (continued)

(a) Property details (continued)

	Type	Ownership (%)	Independent valuation date	Independent valuation amount $'000	Carrying value 2024 $'000	Carrying value 2023 $'000
Wyvern Private Hospital, Terrey Hills, NSW	Assets held pending development	100	22/11/2023	72,500	**98,985**	41,213
Brisbane Waters Private Hospital, Woy Woy, NSW	Hospital	100	22/02/2024	78,000	**78,018**	77,431
8 Herbert Street, St Leonards, NSW	Medical Centre/Office	100	22/02/2024	66,500	**66,500**	83,430
Robina Private Hospital, Robina, QLD	Hospital	100	22/12/2023	54,500	**62,558**	58,972
103 Victoria Parade, Collingwood VIC	Medical Centre/Office	100	22/02/2024	58,500	**58,497**	63,159
Matilda Nepean Private Hospital, Kingswood NSW	Hospital	100	22/11/2023	55,100	**55,110**	52,737
310 Selby Road North, Osborne Park, WA	Medical Centre/Office	100	22/02/2024	54,750	**54,747**	55,009
Brunswick Private Hospital, Brunswick, VIC	Hospital	100	22/02/2024	52,750	**52,874**	57,717
Western Hospital, Henley Beach, SA	Hospital	100	22/02/2024	46,900	**48,922**	55,251
Greensborough Medical Centre, Greensborough, VIC	Medical Centre	100	22/02/2024	41,500	**41,512**	44,519
Lot 3, 2-14 Weippin Street, Cleveland, QLD	Medical Centre/Office	100	22/05/2024	35,500	**35,564**	-
North Shore Specialist Day Hospital, Greenwich, NSW	Hospital	100	22/02/2024	35,000	**34,965**	39,647
1 North Terrace, Adelaide, SA	Assets held pending development	100	22/02/2024	34,000	**34,359**	39,272
Townsville Private Clinic, Townsville, QLD	Hospital	100	22/02/2024	32,400	**32,469**	33,015
Berkeley Vale Private Hospital, Berkeley Vale, NSW	Hospital	100	22/02/2024	29,250	**29,348**	31,503
Chamberlain Gardens, 53-67 Chamberlain Road, Wyoming, NSW	Aged Care	100	22/05/2024	29,200	**29,228**	28,260
Ashmore Retreat, 19 Ilunga Avenue, Ashmore, QLD	Aged Care	100	22/02/2024	28,000	**28,006**	28,548
Hunters Hill Private Hospital, Hunters Hill, NSW	Held for sale	100	22/02/2024	28,000	**28,000**	31,737
Campus Alpha, Robina, QLD	Medical Centre/Office	100	22/02/2024	27,500	**27,489**	28,163
Tuggerah Lakes Private Hospital, Kanwal, NSW	Hospital	100	22/11/2023	27,300	**27,299**	35,020
Figtree Private Hospital, Figtree, NSW	Hospital	100	22/02/2024	27,050	**27,047**	30,522
Bangalor Retreat, 3-27 Stott Street, Tweed Heads West, NSW	Aged Care	100	22/02/2024	25,900	**25,929**	26,249
Southhaven, 7, 9 & 11 Queensbury Road and18 Lorraine Avenue, Padstow Heights, NSW	Aged Care	100	22/05/2024	25,300	**25,461**	24,143
Constitution Hill Aged Care, Northmead, NSW	Aged Care	100	22/02/2024	25,250	**25,286**	26,001
9-11, 13 and 15 Old Heidelberg Rd, Alphington, VIC	Assets held pending development	100	22/05/2024	24,700	**25,029**	21,199
Lot 77, Bunjil Way, Knoxfield, VIC	Assets held pending development	100	22/02/2024	12,750	**22,493**	12,901
Ipswich Medical Centre and Day Hospital, QLD	Medical Centre/Office	100	22/11/2023	21,000	**21,087**	23,399
Mandalay Retreat, 156-162 Bay Street, Cleveland, QLD	Aged Care	100	22/02/2024	20,500	**20,501**	20,958
566 Olsen Avenue, Molendinar, QLD	Medical Centre/Office	100	28/06/2024	18,650	**18,650**	19,624
Robina Medical Centre, Robina QLD	Medical Centre/Office	100	28/06/2024	18,650	**18,650**	20,865
100 Angus Smith Drive, Townsville, QLD	Assets held pending development	100	22/02/2024	16,100	**16,241**	17,267
The Eye Centre, 2 Short St, Southport, QLD	Medical Centre/Office	100	22/05/2024	15,800	**16,089**	18,727
Cobblebank - 2 Coach St, Cobblebank, VIC	Assets held pendingdevelopment	100	23/08/2023	15,240	**15,831**	16,541
18 Nestor Drive, Meadowbrook, QLD	Assets held pendingdevelopment	100	22/11/2023	14,500	**14,823**	14,760
Victoria House Medical Centre, East Victoria Park, WA	Medical Centre/Office	100	22/02/2024	12,750	**12,755**	14,424
1, 1A, and 1B President Road, Kellyville, NSW	Assets held pending development	100	28/06/2024	12,500	**12,500**	12,301
133-139 Jannali Avenue, Sutherland, NSW	Assets held pending development	100	24/05/2023	10,500	**11,558**	10,826
1 and 3 Addison Road, Pennington, SA	Medical Centre/Office	100	22/02/2024	11,000	**11,006**	11,404
Eureka Medical Centre, Ballarat, VIC	Medical Centre/Office	100	23/08/2023	9,800	**9,815**	11,012
Corio Medical Clinic, Corio, VIC	Medical Centre/Office	100	28/06/2024	9,140	**9,140**	9,380
38 & 40 Orth Street; 26 Somerset Street; 1, 3 & 5 Hargrave Street, Kingswood, NSW	Assets held pending development	100	22/02/2024	8,000	**8,504**	9,697
Gosford Private Medical Centre, Gosford, NSW	Medical Centre/Office	100	22/02/2024	8,350	**8,387**	13,004
Casa Mia, 28-36 Alma Road, Padstow, NSW	Aged Care	100	22/05/2024	7,900	**7,918**	7,557

16 Investment properties (continued)

(a) Property details (continued)

	Type	Ownership	Independent valuation date	Independent valuation amount	Carrying value 2024	Carrying value 2023
		%		$'000	$'000	$'000
59 East Street, Ipswich, QLD	Assets held pending development	100	22/05/2024	7,000	**7,032**	7,241
80-82 Bridge Road, Richmond, VIC	Held for sale	100	22/11/2023	6,300	**5,000**	7,004
7 Campus Crescent, Robina, QLD	Assets held pending development	100	22/02/2024	4,450	**4,456**	4,400
151-153 Furlong Road, St Albans, VIC	Medical Centre/Office	100	22/11/2023	3,900	**3,916**	6,000
7 Vidler Avenue, Woy Woy, NSW	Medical Centre/Office	100	22/02/2024	2,580	**2,590**	2,580
70 Moreland Road, Brunswick, VIC	Held for sale	100	23/08/2023	1,400	1,181	1,418
101 Herbert Street, Mornington, VIC	Assets held pending development	100	22/12/2023	1,085	1,085	1,026
24 Gillion Court, St Albans, VIC	Assets held pending development	100	22/12/2023	965	965	950
155 Furlong Road, St Albans, VIC	Assets held pending development	100	22/05/2024	900	914	2,264
22 Gillon Court, St Albans, VIC	Assets held pending development	100	22/12/2023	860	887	850
99 Herbert Street, Mornington, VIC	Assets held pending development	100	22/12/2023	870	**871**	880
105 Herbert Street, Mornington, VIC	Assets held pending development	100	22/12/2023	850	**850**	870
103 Herbert Street, Mornington, VIC	Assets held pending development	100	22/12/2023	840	**840**	860
7 Wiowera Road, Kanwal, NSW	Assets held pending development	100	22/11/2023	839	**840**	1,100
20 Gillon Court, St Albans, VIC	Assets held pending development	100	22/12/2023	800	**825**	790
15 Dwyer Avenue, Woy Woy, NSW	Assets held pending development	100	22/02/2024	820	**816**	830
16 Gillion Court, St Albans, VIC	Assets held pending development	100	22/05/2024	800	**800**	1,431
199 St Albans Road, St Albans, VIC	Assets held pending development	100	22/12/2023	700	**700**	702
203 St Albans Road, St Albans, VIC	Assets held pending development	100	22/12/2023	700	**700**	702
201 St Albans Rd, St Albans, NSW	Assets held pending development	100	22/12/2023	700	**700**	703
651 Pacific Highway, Kanwal, NSW	Assets held pending development	100	22/11/2023	655	**655**	700
205 St Albans Rd, St Albans, VIC	Assets held pending development	100	22/12/2023	630	**637**	620
17 Buttercup Close, Meadowbrook, QLD	Assets held pending development	100	23/08/2023	565	**567**	531
19 Buttercup Close, Meadowbrook, QLD	Assets held pending development	100	23/08/2023	550	**556**	520
22 Buttercup Close, Meadowbrook, QLD	Assets held pending development	100	23/08/2023	545	**545**	513
3 Wiowera Street, Kanwal, NSW	Assets held pending development	100	22/11/2023	422	**422**	460
1 Wiowera Street, Kanwal, NSW	Assets held pending development	100	22/11/2023	398	**398**	420
Herston Quarter Private Hospital, Herston,QLD	Sold	100	-	-	**-**	13,000
Manningham Medical Centre, Templestowe Lower, VIC	Sold	100	-	-	**-**	52,534
Corrimal Medical Centre, Corrimal, NSW	Sold	100	-	-	**-**	20,014
14 Highfields Circuit, Port Macquarie, NSW	Sold	100	-	-	**-**	15,814
HIS Diagnostic Imaging Centre, Richmond, VIC	Sold	100	-	-	**-**	26,018
7 Westwood Avenue, Belmore, NSW	Sold	100	-	-	**-**	1,200
9 Westwood Avenue, Belmore, NSW	Sold	100	-	-	**-**	1,200
93 Davies St, Brunswick, VIC	Sold	100	-	-	**-**	1,050
21 Bright Place, Birtinya, QLD	Sold	100	-	-	**-**	4,128
Total				**2,881,604**	**2,933,615**	3,200,109
Add: Investment property leaseholds *					**4,286**	4,313
Less: Properties held for sale					**(151,181)**	(13,000)
Total investment properties					**2,786,720**	3,191,422

16 Investment properties (continued)

(a) Property details (continued)

** 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.*

Where the carrying value of an investment property may vary from the most recent independent valuation of the property (as set out in the table above) due to capital expenditure and the accounting treatment of leasing commissions and lease incentives during the current period. The carrying value at the reporting date reflects the directors of the Responsible Entity's best estimate of the fair value of each property based on internal valuations.

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

(b) Movements in carrying amount

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

	2024 $'000	2023 $'000
Opening balance	**3,191,422**	2,807,567
Acquisitions	**35,541**	200,670
Additions	**115,809**	141,435
Capitalised borrowing costs	**1,495**	2,902
Lease commissions and incentives amortisation	**(1,930)**	(1,833)
Change in fair value	**(281,539)**	46,769
Straight-lining of rental income	**3,707**	6,035
Payment of lease liabilities	**(26)**	(10)
Reclassified as properties held for sale	**(151,181)**	(13,000)
Disposal	**(126,578)**	-
Initial recognition of right of use asset	**-**	887
Closing balance	**2,786,720**	3,191,422

The Scheme completed the purchase of the following properties during the year:

On 21 February 2024, the Scheme completed the purchase of Lot 3, 2-14 Weippin Street, Cleveland, NSW for a purchase price of $35,541,000 and acquisition costs of $3,105,000.

(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:

	2024 $'000	2023 $'000
Within one year	**131,404**	136,445
Later than one year but not later than 5 years	**468,345**	499,272
Later than 5 years	**1,564,520**	1,676,387
	2,164,269	2,312,104

16 Investment properties (continued)

(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 2024 $'000	30 June 2023 $'000
Opening balance	**4,313**	3,438
Medilink - Initial lease liability	**-**	886
Interest charge on lease liabilities	**178**	154
Lease payments	**(205)**	(165)
Closing balance	**4,286**	4,313

(e) Contractual obligations

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

	2024 $'000	2023 $'000
Within one year	**9,605**	76,814
Later than one year but not later than 5 years	**79,300**	7,600
	88,905	84,414

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.

17 Properties held for sale

	2024 $'000	2023 $'000
Opening balance	**13,000**	5,080
Reclassified from investment properties	**151,181**	13,000
Disposal	**(13,000)**	(5,080)
Closing balance	**151,181**	13,000

On 17 July 2023, the Scheme settled the sale of Herston Quarter Private Hospital, 40 Bowen Road, Herston, QLD for $13,000,000 excluding selling costs.

On 13 May 2024, the Scheme exchanged contracts to sell 70 Moreland Road, Brunswick, VIC. Settlement occurred on 19 July 2024 for $1,181,000 excluding selling costs.

On 6 June 2024, the Scheme exchanged contracts to sell Hunters Hill Private Hospital, 9 Mount Street, Hunters Hill, NSW for $28,000,000 excluding selling costs.

On 28 June 2024, the Scheme exchanged contracts to sell 80-82 Bridge Road, Richmond, VIC. Settlement occurred on 5 July 2024 for $5,000,000 excluding selling costs.

17 Properties held for sale (continued)

On 28 June 2024, 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.

18 Payables

	2024 $'000	2023 $'000
Accrued expenses	**18,946**	10,813
Trade payables	**912**	2,125
Rent received in advance	**3,661**	4,840
GST payables	**2,754**	1,269
Accrued borrowing costs and other related costs	**7,095**	4,564
	33,368	23,611

19 Borrowings

(a) Bank loan

	2024 $'000	2023 $'000
Unsecured loans - variable	**1,050,000**	1,035,000
Unsecured medium term note (A$MTN) - fixed	**275,000**	-
Unamortised borrowing costs	**(5,171)**	(4,733)
	1,319,829	1,030,267

The Scheme had access to:

	2024 $'000	2023 $'000
Credit facilities		
Facilities limit	**1,250,000**	1,300,000
Facilities unused	**(200,000)**	(265,000)
Facilities used	**1,050,000**	1,035,000

In November 2023, the Scheme repaid Tranche A1 $250,000,000 bank debt in full. In June 2024, the Scheme refinanced and repaid Tranche B $150,000,000 and ICBC $100,000,000 bank debt in full.

As at 30 June 2024, the bank loan comprised of eight tranches with a facility limit of $1,250,000,000, which includes two new tranches and six existing tranches.

• Term Facility Loan is a $100,000,000 facility expiring in February 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 debt facility is unsecured and is non-recourse to unitholders. The Scheme did not breach its debt covenants during the year ended 30 June 2024.

19 Borrowings (continued)

On 30 June 2023, the bank loan was comprised of eight tranches with a facility limit of $1,300,000,000:

- Tranche A1 is a $250,000,000 facility expiring in May 2024;
- 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 B is a $150,000,000 facility expiring in January 2025;
- Tranche C is a $250,000,000 facility expiring in December 2025;
- Tranche D is a $250,000,000 facility expiring in December 2026; and
- Term Facility Loan is a $100,000,000 facility expiring in January 2025.

(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:

	2024 $'000	2023 $'000
Analysis of changes in consolidated net debt		
Opening balance	**974,979**	638,767
Net (repayment)/proceeds from borrowings	**15,000**	338,000
Net proceeds from A$MTN	**275,000**	-
Other cash movements	**20,648**	(1,788)
Closing balance	**1,285,627**	974,979
Unsecured loans - variable	**1,050,000**	1,035,000
Unsecured medium term note (A$MTN) - fixed	**275,000**	-
Cash and cash equivalents	**(39,373)**	(60,021)
Consolidated net debt	**1,285,627**	974,979

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

	Loans and borrowings $'000	**Interest rate swap and forward exchange contracts used for hedging - assets** $'000	**Interest rate swap and forward exchange contracts used for hedging - liabilities** $'000	**Leasing liabilities** $'000	**Unitholder capital** $'000	**Total** $'000
Balance at 1 July 2023	**1,030,267**	**(43,780)**	**886**	**4,312**	**2,876,454**	**3,955,679**
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)**

19 Borrowings (continued)

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

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		**9,471**				**9,491**
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**	**9,471**				**58,734**
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**	**3,572,562**

	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 2022	692,433	(33,029)	598	3,428	2,876,454	3,605,942
Changes from financing cash flows						
Proceeds from issue of units					332,769	332,769
Payments for redemptions by unitholders					(80,213)	(80,213)
Proceeds from loans and borrowings	588,000					588,000
Repayments of loans and borrowings	(250,000)					(250,000)
Payment for settlement of derivatives		(9,694)				(9,694)
Payment of lease liabilities				(10)		(10)
Distributions paid					(82,961)	(82,961)
Interest paid	(33,129)					(33,129)
Borrowing costs paid	(1,650)					(1,650)
Total changes from financing cash flows	303,221	(9,694)		(10)	(169,595)	(463,111)
Changes in fair value		(6,768)	288			(6,480)
Liability related						
New swaps		27,213				27,193
New leases				894		894
Capitalised borrowing cost	2,902					2,902
Borrowing costs expense	28,019					28,018

19 Borrowings (continued)

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

Movement in borrowing costs payable	3,692					3,692
Total liability related other changes	34,613	27,213		894		62,719
Total equity related other changes					(169,595)	(169,595)
Balance at 30 June 2023	1,030,267	(43,780)	886	4,312	2,876,454	3,955,679

20 Derivative financial instruments

2024	**Contract/notional $'000**	**Fair values Assets $'000**	**Fair values 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 June 2026 floating interest rate above 4.000%	**25,000**	**-**	**267**
Maturing on 30 September 2025 floating interest rate above 4.25%	**25,000**	**-**	**111**
Interest rate cap	**50,000**	**-**	**378**
Total derivative financial instruments	**1,382,500**	39,769	406

2023	Contract/notional $'000	Fair values Assets $'000	Fair values Liabilities $'000
Interest rate swaps	840,000	39,502	-
Forward dated interest swap contracts			
Commencing 23 July 2023 maturing on 23 July 28 at a fixed rate of 4.31%	40,000	-	173
Commencing 24 July 2023 maturing on 24 Oct 2028 at a fixed rate of 2.75%	30,000	2,212	-
Commencing 24 January 2024 maturing on 24 January 2029 at a fixed rate of 2.5%	30,000	2,066	-
Forward dated interest swap contracts	100,000	4,278	173
Interest rate cap			
Maturing on 30 June 2026 floating interest rate above 4.000%	25,000	-	414
Maturing on 30 September 2025 floating interest rate above 4.25%	25,000	-	299
Interest rate cap	50,000	-	713

20 Derivative financial instruments (continued)

2023	Contract/notional $'000	Fair values Assets $'000	Fair values Liabilities $'000
Total derivative liabilities	990,000	43,780	886

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 valuation policy is included in note 2.

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

A net unrealised loss of $9,298,000 (2023: $1,350,000) relating to the change in the fair value of the Scheme's interest rate swap contracts.

The Scheme paid swap up-front payments of $3,798,000 during the year ended 30 June 2024.

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.

21 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

	2024	2023
	$'000	$'000
Assets		
Listed property trusts	**-**	50,197
Total exposure	**-**	50,197

Sensitivity	**Impact on profit and net assets attributable to unitholders**	
	2024	2023
	$'000	$'000
Securities prices +10% (2023: +10.00%)	**-**	5,019
Securities prices -10% (2023: -10.00%)	**-**	(5,019)

(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:

		Fixed interest rate					
2024	**Floating interest rate $'000**	**3 months or less $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Non-interest bearing $'000**	**Total $'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**

21 Financial risk management (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

2023	Floating interest rate $'000	Fixed interest rate: 3 months or less $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets							
Cash and cash equivalents	60,176	-	-	-	-	-	60,176
Receivables	-	-	-	-	-	18,058	18,058
Financial assets held at fair value through profit or loss		100,000	120,000	510,000	210,000	576,040	1,516,040
Loan receivables	-	-	43,705	12,000	-	-	55,705
Total financial assets	**60,176**	**100,000**	**163,705**	**522,000**	**210,000**	**594,098**	**1,649,979**
Liabilities							
Distribution payable	-	-	-	-	-	26,960	26,960
Payables	-	-	-	-	-	23,611	23,611
Financial liabilities held at fair value through profit or loss	-	-	-	50,000	-	-	50,000
Lease liabilities	-	3	20	155	4,135	-	4,313
Borrowings	1,035,000	-	-	-		-	1,035,000
Total financial liabilities	1,035,000	3	20	50,155	4,135	50,571	1,139,884
Net financial assets/(liabilities)	(974,824)	99,997	163,685	471,845	205,865	543,527	510,095

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 $1,332,500,000 representing 100% of the drawn borrowings, were in place at 30 June 2024 (2023: 91.00%).

	Impact on profit and net assets attributable to unitholders	
	2024	2023
Sensitivity	**$'000**	$'000
Interest rate +1.00% (2023: +1.00%)	**(3,219)**	(350)
Interest rate -1.00% (2023: -1.00%)	**3,219**	350

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

(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.

21 Financial risk management (continued)

(c) Credit risk (continued)

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.

2024	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3+ years $'000
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

21 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturities analysis of financial liabilities (continued)

2023	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3+ years $'000
Distributions payable	26,960	-	-	-
Payables	23,611	-	-	-
Lease liabilities	200	273	278	3,562
Borrowings	250,000	250,000	285,000	250,000
Net assets attributable to unitholders	2,876,454	-	-	-
Derivative liabilities	-	-	299	587
Total financial liabilities	3,177,225	250,273	285,577	254,149

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 2024, these assets amounted to $39,373,000 (2023: $110,218,000).

Investment in Australian Unity Wholesale Cash Fund and Altius Sustainable Short Term Income Fund are included in the liquid assets of the Scheme above.

(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.

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.

22 Fair value hierarchy (continued)

2024	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets held at fair value through profit or loss				
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				
Financial liabilities held at fair value through profit or loss				
Derivatives liabilities	**-**	**376**	**-**	**376**
Total financial liabilities	**-**	**376**	**-**	**376**

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets held at fair value through profit or loss				
Derivatives assets	-	41,488	-	41,488
Listed property trusts	50,197	-	-	50,197
Financing receivables	-	-	525,843	525,843
Total financial assets	50,197	41,488	525,843	617,528
Non-financial assets				
Properties held for sale	-	13,000	-	13,000
Investment properties	-	-	3,191,422	3,191,422
Total non-financial assets	-	13,000	3,191,422	3,204,422
Financial liabilities				
Financial liabilities held at fair value through profit or loss				
Derivatives liabilities	-	713	-	713
Total financial liabilities	-	713	-	713

The Scheme's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the year. There are no transfers between levels 1, 2 and 3 for fair value measurements during the year (2023: 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	**2024**	2023
Weighted average capitalisation rate (%)	**5.21%**	4.74%
Weighted average lease expiry (years)	**15.1 years***	16.3 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	2024	2023
Weighted average terminal capitalisation rate (%)	**6.56%**	6.12%
Weighted average discount rate (%)	**6.94%**	6.90%

(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 2024 $'000	30 June 2023 $'000
Adopted capitalisation rate +0.25%	**(147,796)**	(152,393)
Adopted capitalisation rate -0.25%	**162,693**	169,917
Adopted discount rate +0.25%	**(70,067)**	(59,149)
Adopted discount rate -0.25%	**73,059**	61,023
Adopted terminal yield +0.25%	**(64,108)**	(102,398)
Adopted terminal yield -0.25%	**49,132**	112,710

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:

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

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

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 2024 between the Scheme and the Responsible Entity were as follows:

	2024 **$**	2023 $
Management fees for the year paid/payable by the Scheme to the Responsible Entity	**21,881,358**	21,189,625
Administration expenses incurred by the Responsible Entity which are reimbursed in accordance with the Scheme's Constitution	**6,370,750**	4,669,575
Fees rebated by the Responsible Entity for the Scheme's investments in other schemes managed by the Responsible Entity	**37,924**	101,385
Aggregate amounts payable to the Responsible Entity at the end of the year	**2,039,769**	2,110,233

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

(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 2024 was $2,711,334 (2023: $4,206,486). Total accrued fees payable to AUPML as at 30 June 2024 was $590,825 (2023: $386,896).

23 Related party transactions (continued)

Management fees and other transactions (continued)

(a) Other related party transactions (continued)

Constitution Hill Aged Care
The Scheme charged Australian Unity Care Services Pty Limited ("AUCSPL") total rent of $2,117,626 (2023: $2,055,947) during the year, the receivable as at 30 June 2024 was $nil (2023: nil).

The Responsible Entity, AUPML, Herston Development Company Pty Ltd 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:

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**
Australia Unity Strategic Holdings Pty Limited	**34,290**	**34,405**	**81,825**	**3.68**	**115**	**-**	**3,860**
LP Lifeplan Management Fund	**96**	**5**	**12**	**-**	**-**	**(91)**	**1**
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)**	**5,591**

*Fair value of investment includes accrued distribution at the end of the year.
** The No. of units held opening balance of 3,400,000 for Lifeplan Australian Friendly Society Limited was corrected in the current year (2024).

2023

Unitholders	No. of units held opening '000	No. of units held closing '000	Fair value of investment* $'000	Interest held %	No. of units acquired '000	No. of units disposed '000	Distributions paid/payable by the Scheme $'000
Australian Unity Property Income Fund	4,784	888	2,434	0.08	164	(4,060)	337

23 Related party transactions (continued)

Related party unitholdings (continued)

2023

Unitholders	No. of units held opening '000	No. of units held closing '000	Fair value of investment* $'000	Interest held %	No. of units acquired '000	No. of units disposed '000	Distributions paid/payable by the Scheme $'000
Lifeplan Australia Friendly Society Limited**	2,841	3,400	5,620	0.19	3,400	(2,841)	193
AUFM Managed Fund No.2 (referred to as" Pro-D Balanced Fund")	1,683	1,137	3,117	0.11	102	(648)	128
AUFM Managed Fund No.3 (referred to as" Pro-D Growth Fund")	1,026	784	2,150	0.07	68	(310)	84
AUFM Managed Fund No.1 (referred to as" Pro-D High Growth Fund")	385	249	682	0.02	24	(160)	28
Australia Unity Strategic Holdings Pty Limited	35,455	34,290	93,030	3.20	5,355	(6,520)	3,322
LP Lifeplan Management Fund	-	96	265	0.01	370	(274)	30
Total	46,174	40,844	107,298	3.68	9,483	(14,813)	4,122

*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:

2024	**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**
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**
	29,465	**4,968**	**4,984**		**107,309**	**(131,806)**	**762**

2023	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
Australian Unity Wholesale Cash Fund	12,597	4,290	4,289	1.40	75,717	(84,025)	352
Altius Sustainable Short Term Income Fund	36,098	25,175	25,049	5.09	1,166	(12,089)	1,127
	48,695	29,465	29,338		76,883	(96,114)	1,479

23 Related party transactions (continued)

Investments (continued)

Distributions received/receivable includes an amount of $14,708 (2023: $133,173) which remains unpaid at the end of the year.

24 Reconciliation of profit to net cash inflows from operating activities

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

	2024 $'000	2023 $'000
(Decrease)/Increase in net assets attributable to unitholders	**(309,565)**	18,839
Distribution to unitholders	**95,898**	100,719
Add back interest expenses and debt establishment costs	**54,457**	35,433
Realised loss on sale of investment property	**220**	15
Net gains on financial instruments	**(32,508)**	(2,437)
Net decrement/(increment) in fair value of the investment properties	**296,361**	(45,047)
Net change in receivables	**1,099**	(4,336)
Net change in accounts payable/liabilities	**10,629**	6,636
Net change in other assets	**2,213**	(2,110)
Adjustment to net lease incentives and straight line rental	**(2,473)**	(4,202)
Effect of valuation changes in cash managed trusts	**118**	345
Collection of financing receivables	**29,636**	22,679
Net cash inflows from operating activities	**146,085**	126,534

(b) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**13,852**	14,548
Total non-cash financing activities	**13,852**	14,548

25 Parent entity financial information

Statement of financial position	2024 $'000	2023 $'000
Cash and cash equivalents	**31,012**	55,111
Receivables	**6,414**	9,772
Loan receivables	**11,852**	55,705
Financial assets held at fair value through profit or loss	**35,656**	91,690
Other assets	**3,878**	6,060
Properties held for sale	**151,181**	13,000
Investment in subsidiaries	**1,711,200**	1,813,456
Investment properties	**1,625,593**	1,914,693
Total assets	**3,576,786**	3,959,487

25 Parent entity financial information (continued)

Statement of financial position	**2024 $'000**	2023 $'000
Distributions payable	**23,071**	26,960
Payables	**20,952**	20,780
Financial liabilities held at fair value through profit or loss	**376**	713
Lease liabilities	**4,286**	4,313
Borrowings	**1,319,829**	1,030,267
Total liabilities (excluding net assets attributable to unitholders)	**1,368,514**	1,083,033
Net assets attributable to unitholders	**2,208,272**	2,876,454

Statement of comprehensive income	**2024 $'000**	2023 $'000
Profit before finance costs attributable to unitholders	**(213,666)**	119,558
Finance costs attributable to unitholders		
Distributions to unitholders	**(95,899)**	(100,719)
Increase in net assets attributable to unitholders	**309,565**	(18,839)
Total comprehensive income for the year	-	-

The parent entity had no contingent assets, liabilities or capital commitments at 30 June 2024 or 30 June 2023.

26 Events occurring after end of the financial year

On 23 August 2024, the Scheme exchanged contracts to sell 18 Lorraine Avenue, Padstow Heights, NSW. Settlement will occur on 22 November 2024 for $1,705,000 excluding selling costs.

On 17 September 2024, the Scheme exchanged contracts to sell Suite 1&2, 12 Jarrett Street, North Gosford, NSW. Settlement will occur on 29 October 2024 for $7,300,000 excluding selling costs.

Other than the matters above, the directors of the Responsible Entity are not aware of any other matters or circumstances arising since 30 June 2024 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 2024 or on the results and cash flows of the Scheme for the year ended on that date.

27 Resolution of external proposal to acquire the units in the Scheme and related matters

During July 2023, proceedings originally issued in 2021 by NorthWest Healthcare Australia RE Limited (NorthWest) against Australian Unity Funds Management (AUFM), as responsible entity of the Australian Unity Healthcare Property Trust (AUHPT), and other parties were settled. As previously reported, AUFM agreed to work in good faith to assist NorthWest and its affiliates to divest their units in AUHPT via a variety of measures, including by facilitating the sale and transfer of NorthWest's and its affiliates' units to subsidiaries of Australian Unity Limited and new and existing investors and increasing the August 2023 and November 2023 withdrawal facilities.

28 Contingent assets and liabilities and commitments

The Scheme had no other contingent assets or liabilities as at 30 June 2024 and 30 June 2023.

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 $88,905,000 (2023: $84,414,000).

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 45 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 2024 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date.

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

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

(d) Note 2(a) 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

Esther Kerr
Director

23 September 2024

Independent Auditor's Report

To the unitholders of Australian Unity Healthcare Property Trust

Opinion

We have audited the ***Financial Report*** of the 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 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of comprehensive income, Consolidated statement of changes in net assets attributable to unitholders - liability, and Consolidated statement of cash flows for the year then ended
- Notes, including material accounting policies
- 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 relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in the Australian Unity 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 (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express 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 Directors for the Financial Report

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

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the 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
- 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 Group and Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

David Kells

Partner

Sydney

23 September 2024