

Australian Unity Specialist Disability Accommodation Fund

ARSN 651 885 415

**Annual report
for the year ended 30 June 2024**

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Directors' report

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

Directors

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

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

Principal activities

The Scheme aims to deliver stable distributions to investors with the potential for capital growth by investing in residential properties which are suitable for people with disabilities.

The Scheme's primary source of income is derived from registered Specialist Disability Accommodation ("SDA") Providers ("the Property Operators"). The Property Operators generally receive rental revenue from the National Disability Insurance Agency and Reasonable Rent Contribution out of funds received through other Government programs. These payments are made either by, or on behalf of, people with disabilities who qualify for National Disability Insurance Scheme SDA funding and/or other support payments. The Property Operators pass through these rental payments to the Fund after deducting their fees and other expenses.

Review and results of operations

Property acquisitions

On 30 June 2022, the Scheme exchanged a contract for the purchase of the property located at 22 Presentation Drive, Winter Valley VIC for a purchase price of \$2,500,000 and acquisition costs of \$235,000 and the property settled on 6 July 2023.

On 23 August 2023, the Scheme completed the purchase of the property located at 27 Russell Street, Essendon VIC for a purchase price of \$6,050,964 and acquisition costs of \$881,000.

On 12 January 2024, the Scheme completed the purchase of 142-144 Albany Street, Point Frederick NSW for a purchase price of \$7,897,074 and acquisition costs of \$1,085,000.

On 01 May 2024, the Scheme completed the purchase of 15 Gilchrist Street, Shepparton VIC for a purchase price of \$1,750,000 and acquisition costs of \$194,500.

On 16 May 2024, the Scheme completed the purchase of 36 Mootwingee Crescent, Shepparton North VIC for a purchase price of \$1,610,000 and acquisition costs of \$139,000.

Property Disposal

On 4 May 2023, the Scheme exchanged a contract for the sale of the property located at 156-160 Bloomfield Street, Cleveland QLD for \$1,700,000 excluding selling costs and the sale settled on 15 December 2023.

On 27 June 2024, the Scheme exchanged a contracts to sell 4 Berry Street, Wilsonton QLD. Settlement occurred on 28 August 2024 for \$650,000, excluding selling costs.

Property valuations

The current year revaluations were in total greater than the revalued properties carrying values resulting in a fair value gain of \$6,302,785 (30 June 2023: increment of \$6,452,216).

Australian Unity Specialist Disability Accommodation Fund
Directors' report
30 June 2024
(continued)

Review and results of operations (continued)

Results

For the year, the Scheme's units posted a total return of 8.96% (split between a distribution return of 2.63% and a growth return of 6.33%)*.

Unit price (ex distribution) as at 30 June 2024 was \$1.2237 (2023: \$1.1509)*.

*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 financial statements.

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

	2024		2023
	\$'000		\$'000
Profit for the year	<u>7,736</u>		8,395
Distribution paid and payable	<u>2,793</u>		2,679
	30 June 2024		30 June 2023
	\$'000	CPU	\$'000
			CPU
Distributions			
30 September	478	0.5439	518
31 December	522	0.5790	611
31 March	905	0.9478	901
30 June (payable)	888	0.9087	649
	<u>2,793</u>		<u>2,679</u>

Significant changes in the state of affairs

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

Events occurring after end of the year

On 27 June 2024, the Scheme exchanged a contract to sell 4 Berry Street, Wilsonton QLD. Settlement occurred on 28 August 2024 for \$650,000, excluding selling costs.

Other than the above, the directors of the Responsible Entity are not aware of any other matter or circumstance arising since 30 June 2024 which has significantly affected or may significantly affect the financial position of the Scheme disclosed in the 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.

Likely developments and expected results of operations

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

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

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Australian Unity Funds Management Limited or the auditors of the Scheme. So long as the officers of Australian Unity Funds Management Limited act in accordance with the Constitution 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 15 to the financial statements.

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

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

Units in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 6 to the financial statements.

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

Environmental regulation

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

Rounding of amounts

The Scheme is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

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

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



Rohan Mead
Director



Esther Kerr
Director

20 September 2024



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

To the Directors of Australian Unity Funds Management Limited as Responsible Entity for Australian Unity Specialist Disability Accommodation Fund

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

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

David Kells

Partner

Sydney

20 September 2024

Australian Unity Specialist Disability Accommodation Fund
Statement of comprehensive income
For the year ended 30 June 2024

Statement of comprehensive income

	Notes	2024 \$'000	2023 \$'000
Income			
Rental income	3	6,782	5,093
Property expenses		<u>(1,276)</u>	<u>(882)</u>
Net property income		5,506	4,211
Interest income		91	52
Other operating income		-	6
Net fair value gain on investment properties	10(b)	<u>6,302</u>	<u>6,452</u>
Total income net of property expenses		11,899	10,721
Expenses			
Management fees	15	1,142	850
Borrowing costs		2,081	705
Other expenses	5	<u>940</u>	<u>771</u>
Total expenses, excluding property expenses		4,163	2,326
Profit for the year		7,736	8,395
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income attributable to unitholders		7,736	8,395

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

Australian Unity Specialist Disability Accommodation Fund
Statement of financial position
As at 30 June 2024

Statement of financial position

	Notes	2024 \$'000	2023 \$'000
Assets			
Cash at bank		1,040	862
Receivables	8	960	1,410
Other assets	9	4,341	7,018
Property held for sale	10(c)	650	1,750
Investment properties	10	159,151	113,646
Total assets		166,142	124,686
Liabilities			
Distributions payable	7	888	649
Payables	11	681	763
Borrowings	12	45,689	32,647
Total liabilities		47,258	34,059
Net assets attributable to unitholders - equity	6	118,884	90,627

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

Australian Unity Specialist Disability Accommodation Fund
Statement of changes in equity
For the year ended 30 June 2024

Statement of changes in equity

	2024	2023
	\$'000	\$'000
Balance at the beginning of the year	90,627	72,165
Comprehensive income for the year		
Profit for the year	7,736	8,395
	-	-
Total comprehensive income attributable to unitholders	7,736	8,395
Transactions with unitholders		
Applications	23,314	12,746
Distributions paid and payable	(2,793)	(2,679)
Total transactions with unitholders	20,521	10,067
Balance at the end of the year	118,884	90,627

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

Australian Unity Specialist Disability Accommodation Fund
Statement of cash flows
For the year ended 30 June 2024

Statement of cash flows

	30 June 2024	30 June 2023
Note	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Interest received	91	52
Rental income received	7,471	4,034
Payment to suppliers	<u>(3,532)</u>	<u>(2,754)</u>
Net cash inflow from operating activities	16 <u>4,030</u>	<u>1,332</u>
<i>Cash flows from investing activities</i>		
Purchase of investment properties	(16,909)	(23,904)
Acquisition costs on purchase on investment properties	(1,343)	(3,730)
Payments for additions to owned investment properties	(16,252)	(7,185)
Payments for other assets	(2,493)	(6,186)
Proceeds from sale of investment property	<u>1,700</u>	<u>-</u>
Net cash outflow from investing activities	<u>(35,297)</u>	<u>(41,005)</u>
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	23,314	12,746
Proceeds from borrowings	43,853	29,865
Repayment of borrowings	(30,813)	(1,148)
Borrowings costs paid	(2,187)	(1,108)
Distributions paid	(2,554)	(2,513)
Capital raising costs paid	<u>(168)</u>	<u>(96)</u>
Net cash inflow from financing activities	<u>31,445</u>	<u>37,746</u>
Net increase / (decrease) in cash and cash equivalents	178	(1,927)
Cash and cash equivalents at the beginning of the half-year	<u>862</u>	<u>2,789</u>
Cash and cash equivalents at the end of the year	<u>1,040</u>	<u>862</u>

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

Notes to the financial statements

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1 General information

These financial statements cover Australian Unity Specialist Disability Accommodation Fund ("the Scheme") as an individual entity. The Scheme was established on 30 July 2019 and the expected investment term is 10 years from the commencement of operations of the Scheme.

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

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

2 Summary of material accounting policies

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

(a) Basis of preparation

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

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

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

The statement of financial position is presented on liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within 12 months, except for investment properties, financial assets/(liabilities) held at fair value through profit or loss, borrowings 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 financial statements of the Scheme comply with Australian Accounting Standards as issued by AASB and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

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

(iii) New accounting standards, amendments and interpretations

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

2 Summary of material accounting policies (continued)

(b) Investment properties

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

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

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

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

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

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

Expenditure capitalised to properties includes the cost of acquisition, capital and refurbishment additions, lease commissions and incentives (excluding abatements which are expensed), related professional fees incurred and other directly attributable transaction costs.

(c) Net assets attributable to unitholders

The Scheme will not be liquid. The investment term is expected to be ten years from the commencement of operations.

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

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

(d) Cash and cash equivalents

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

2 Summary of material accounting policies (continued)

(e) Expenses

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

(f) 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.

(g) Distributions

In accordance with the Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment.

(h) Receivables

Receivables may include amounts for interest, rental income arrears and trust distributions. 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. 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 uncollectible 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.

(i) Payables

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

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of each year are included in payables.

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

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

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

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

(j) 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.

2 Summary of material accounting policies (continued)

(k) Borrowings

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

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

(l) Goods and Services Tax (GST)

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

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

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

(m) Revenue

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

Rental income

Rental income is derived from registered Specialist Disability Accommodation ("SDA") Providers (the "Property Operators"). The Property Operators generally receive rental revenue from the National Disability Insurance Agency and other sources such as a Reasonable Rent Contribution. These payments are made either by, or on behalf of, people with disabilities who qualify for National Disability Insurance Scheme SDA funding and/or other support payments. The Property Operators pass through these rental payments to the Fund after deducting their fees and other expenses.

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 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 year in which they are earned. Some leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the statement of comprehensive income in the year in which the condition that triggers those payments occurs.

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

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

Interest revenue

Interest income is recognised in the statement of comprehensive income as it accrues.

2 Summary of material accounting policies (continued)

(n) Leases

Leasing costs

Lease costs are costs that are directly associated with negotiating and arranging an operating lease (including commissions, legal fees and costs of preparing and processing documentation for new leases). These costs are capitalised and are amortised on a straight-line basis over the term of the lease as 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.

(o) Use of judgements and estimates

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

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

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, have been disclosed in note 14. Should the government funding through the National Disability Insurance Agency and National Disability Insurance Scheme change or cease, this could affect the reported fair value of investment properties.

(p) Rounding of amounts

The Scheme is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated

(q) Functional and presentation currency

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

3 Rental income

The following table details the rental income earned by the Scheme during the year:

	2024	2023
	\$'000	\$'000
Rental income	7,004	5,124
Amortisation of lease	(222)	(31)
	6,782	5,093

4 Auditor's remuneration

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

	2024	2023
	\$	\$
<i>Audit services - KPMG (2023: PwC)</i>		
Audit of financial statements	28,953	65,000
Audit of compliance plan	3,000	4,917
	31,953	69,917

5 Other expenses

	2024	2023
	\$'000	\$'000
Sundry	3	-
Administration fees	500	626
Disposal costs	65	10
Capital raising fees	179	25
Valuation Fees	193	110
	940	771

6 Net assets attributable to unitholders

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

	2024	2023	2024	2023
	No. '000	No. '000	\$'000	\$'000
Opening balance	78,209	66,756	82,180	69,434
Applications	19,145	11,453	23,314	12,746
Closing balance	97,354	78,209	105,494	82,180

Undistributed income

Opening balance	8,447	2,731
Increase in net assets attributable to unitholders	4,943	5,716
Closing balance	13,390	8,447

Total net assets attributable to unitholders	118,884	90,627
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Capital risk management

At balance date, the Fund is illiquid and the Responsible Entity does not intend to offer a liquidity facility during the 10-year term.

7 Distributions to unitholders

The distributions for the year were as follows:

	30 June 2024		30 June 2023	
	\$'000	CPU	\$'000	CPU
Distributions				
30 September	478	0.5439	518	0.6853
31 December	522	0.5790	611	0.8002
31 March	905	0.9478	901	1.1556
30 June (payable)	888	0.9087	649	0.8231
	<u>2,793</u>		<u>2,679</u>	

8 Receivables

	2024	2023
	\$'000	\$'000
Trade receivables	887	1,352
Other receivables	68	57
GST receivables	5	1
	<u>960</u>	<u>1,410</u>

9 Other assets

	2024	2023
	\$'000	\$'000
Deposits paid for investment properties	4,341	7,018
	<u>4,341</u>	<u>7,018</u>

10 Investment properties

(a) Property details

	Type	Ownership (%)	Acquisition date	Independent valuation date	Independent valuation amount \$'000	Independent Valuer	Carrying value 2024 \$'000	Carrying value 2023 \$'000
142 Albany Rd Point Frederick NSW	Residential house	100	12/01/2024	21/03/2024	11,000	M3	11,012	-
27 Russell Street Essendon VIC	Residential house	100	23/08/2023	10/08/2023	10,340	M3	10,861	-
15 Everage Street, Moonee Ponds, VIC	Residential apartment	100	03/12/2020	31/05/2023	10,675	JLL	10,680	10,675
4 Henshall Way, Macquarie, QLD	Residential apartment	100	12/08/2022	18/03/2024	9,400	M3	9,734	9,605
69 Kittyhawk Dr, Chermside QLD	Residential apartment	100	17/05/2022	23/04/2024	9,650	M3	9,650	9,870
82 La Scala Ave, Maribyrnong VIC	Residential apartment	100	23/05/2023	02/10/2023	8,970	M3	9,080	7,373
9-15 David Street, Richmond, VIC	Residential apartment	100	09/04/2020	16/11/2023	8,250	JLL	8,251	8,350
15-17 Maude Street, Cheltenham, VIC	Residential apartment	100	09/04/2020	16/11/2023	8,125	JLL	8,125	8,550
25-33 Grimshaw Street, Greensborough, VIC	Residential apartment	100	09/04/2020	16/11/2023	7,525	JLL	7,542	7,950
8 Bond Street, Ringwood, VIC	Residential apartment	100	07/10/2022	25/10/2023	7,310	M3	7,310	6,677
38 Clark Street, Williams Landing, VIC	Land held for development	100	28/07/2022	21/07/2023	6,660	M3	6,852	6,628
22 Presentation Boulevard, Winter Valley VIC	Residential house	100	06/07/2023	12/07/2023	2,990	M3	3,004	-
217 Albert St Osborne Park WA	Land held for development	100	24/06/2022	-	Transaction		2,614	1,148
90 Norwood Road, Rivervale, WA	Land held for development	100	28/07/2022	-	Transaction		2,534	1,060
25 Rogers Street, Pakenham, VIC	Land held for development	100	18/07/2022	-	Transaction		2,428	1,268
12 Berry St, Wilsons QLD	Land held for development	100	05/11/2021	28/06/2023	2,320	M3	2,421	2,320
2 Fuchsia Court, Norman Gardens QLD	Residential house	100	09/05/2022	23/01/2024	2,300	M3	2,337	1,800
97 Kitchener Street, Broadmeadows, VIC	Land held for development	100	09/05/2022	12/10/2022	940	M3	2,078	1,005
26-28 Olympic Ct, Eagleby, QLD	Land held for development	100	14/05/2021	10/05/2021	795	M3	2,046	1,153
17 Dallington, Crescent Balga WA	Land held for development	100	16/06/2022	-	Transaction		2,004	673
15 Gilchrist Street Shepparton VIC	Residential house	100	01/05/2024	23/04/2024	1,960	JLL	1,960	-
2a Roseneath St, Maryborough QLD	Land held for development	100	09/05/2022	24/01/2024	1,900	M3	1,937	1,686
12 Wallaby St, Nundah, QLD	Land held for development	100	14/05/2021	10/05/2021	935	M3	1,864	1,490
27 Bufflehead Road, Kirkwood QLD	Land held for development	100	09/05/2022	23/01/2024	1,800	M3	1,825	970

10 Investment properties (continued)

(a) Property details (continued)

	Type	Ownership	Acquisition date	Independent valuation date	Independent valuation amount	Independent Valuer	Carrying value 2024	Carrying value 2023
		(%)			\$'000		\$'000	\$'000
23 McConaghy St, Mitchelton QLD	Land held for development	100	24/05/2021	10/05/2021	910	M3	1,734	1,297
5 Fuchsia Court, Norman Gardens QLD	Residential house	100	09/05/2022	22/05/2023	1,100	M3	1,723	1,105
13 Leichardt St, St James WA	Land held for development	100	28/01/2022	-	Transaction		1,665	1,039
36 Mootwingee Crescent Shepparton North	Residential house	100	16/05/2024	23/04/2024	1,660	JLL	1,660	-
6 Masters Drive Winter Valley VIC	Land held for development	100	01/06/2023	12/07/2023	1,460	M3	1,538	1,120
144 Exeter Street, Torquay QLD	Group Home	\$100.00	16/08/2021	14/07/2023	1,500	JLL	1,500	1,470
2 Wellwood Ave Norlane VIC	Land held for development	100	17/05/2022	-	Transaction		1,471	627
58 Geoff Wilson Drive, Norman Gardens QLD	Residential house	100	16/08/2021	19/07/2023	1,425	JLL	1,425	1,400
177b Torquay Rd, Hervey Bay QLD	Land held for development	100	09/05/2022	27/07/2023	1,230	M3	1,352	1,048
1 Navigators Road Warrenship	Land held for development	100	14/12/2022	-	Transaction		1,351	1,042
10 Bruce Drive, Sebastopol, VIC	Land held for development	100	01/08/2022	-	Transaction		1,288	623
132 Grant Street, Sebastopol, VIC	Land held for development	100	17/08/2022	-	Transaction		1,260	594
34a Woodlands Way Parkwood QLD	Land held for development	100	17/12/2021	-	Transaction		1,256	1,244
6 Waratah Gve Wendouree VIC	Land held for development	100	14/06/2022	-	Transaction	-	1,223	556
536 Gynpie Rd, Strathpine QLD	Land held for development	100	04/05/2021	10/05/2021	885	M3	1,220	1,216
166 McCarthy Road, Avenell Heights QLD	Residential house	100	16/08/2021	14/07/2023	1,175	JLL	1,175	1,160
7 Rita Court, Urangan QLD	Residential house	100	14/10/2023	20/07/2023	1,100	JLL	1,100	1,050
475 Napier Street, White Hills VIC	Land held for development	100	10/02/2022	-	Transaction		1,071	799
26 Evelynne Ave, Cranbourne Vic	Land held for development	100	30/06/2022	-	Transaction		1,022	870
54 Nelson Street, California Gully, VIC	Land held for development	100	16/08/2022	-	Transaction	-	1,008	567
74 Geoff Wilson Drive, Norman Gardens QLD	Residential house	100	16/08/2021	14/07/2023	1,000	JLL	1,000	950
164 McCarthy Road, Avenell Heights QLD	Residential house	100	09/04/2020	14/07/2023	850	JLL	850	820
134 Spencer St Sebastopol VIC	Land held for development	100	14/06/2022	-	Transaction		818	783
24 Birchington Street, Beckenham, WA	Land held for development	100	17/08/2022	-	Transaction	-	696	589
4 Berry Street, Wilsonton, QLD	Land held for development	100	18/02/2021	10/05/2021	475		650	844

10 Investment properties (continued)

(a) Property details (continued)

	Type	Ownership	Acquisition date	Independent valuation date	Independent valuation amount	Independent Valuer	Carrying value 2024	Carrying value 2023
		(%)			\$'000		\$'000	\$'000
3 & 7 Bunya Close, Rainforest Rise QLD	Land held for development	100	24/02/2022	-	Transaction	-	596	582
156-160 Bloomfield St, Cleveland, QLD	Land held for development	Sold	17/05/2021	10/05/2021	-	-	-	1,750
Total							159,801	115,396
Less: Properties held for sale							(650)	(1,750)
Total investment properties							159,151	113,646

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.

Where the carrying value is not supported by an independent valuation at the balance date, 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.

The investment properties valuation policy is included in note 13. Initially investment properties are measured at the cost of acquisition.

(b) Movements in carrying amount

	2024	2023
	\$'000	\$'000
Opening balance	113,646	65,695
Acquisitions	22,289	34,392
Additions	13,801	8,010
Reclassified as properties held for sale	(650)	(1,750)
Change in fair value	6,352	6,452
Rent incentives amortisation	3,099	382
Capitalised borrowing costs	594	465
Leasing Commission	20	-
Closing balance	159,151	113,646

On 30 June 2022, the Scheme exchanged a contract for the purchase of the property located at 22 Presentation Drive, Winter Valley VIC for a purchase price of \$2,500,000 and acquisition costs of \$235,000 and the property settled on 6 July 2023.

On 23 August 2023, the Scheme completed the purchase of the property located at 27 Russell Street, Essendon VIC for a purchase price of \$6,050,964 and acquisition costs of \$881,000.

On 12 January 2024, the Scheme completed the purchase of 142-144 Albany Street, Point Frederick NSW for a purchase price of \$7,897,074 and acquisition costs of \$1,085,000.

On 01 May 2024, the Scheme completed the purchase of 15 Gilchrist Street, Shepparton VIC for a purchase price of \$1,750,000 and acquisition costs of \$194,500.

On 16 May 2024, the Scheme completed the purchase of 36 Mootwingee Crescent, Shepparton North VIC for a purchase price of \$1,610,000 and acquisition costs of \$139,000.

10 Investment properties (continued)

(c) Movements in properties held for sale

	2024 \$'000	2023 \$'000
Opening balance	1,750	-
Additions	650	1,750
Change in fair value	(50)	-
Disposal	<u>(1,700)</u>	-
Closing balance	<u>650</u>	<u>1,750</u>

On 4 May 2023, the Scheme exchanged a contract for the sale of the property located at 156-160 Bloomfield Street, Cleveland QLD for \$1,700,000 excluding selling costs and the sale settled on 15 December 2023.

On 27 June 2024, the Scheme exchanged a contracts to sell 4 Berry Street, Wilsonton QLD. Settlement occurred on 28 August 2024 for \$650,000, excluding selling costs.

(d) Leasing arrangements

The scheme leases properties to SDA Providers which sub let properties to NDIS SDA Participants. The NDIA pays the SDA Subsidy to the SDA Provider on condition that the property is occupied by a Participant. Participant occupancy is not contracted such that these amounts are not included as non cancellable leases. The Scheme also has arranged a lesser amount of fixed head leases with SDA Providers which are considered non cancellable leases.

Ignoring indexing and proposed future fixed head leases for property not yet owned or complete, the future minimum lease payments receivable under non cancellable lease commitments are:

	2024 \$'000	2023 \$'000
Within one year	2,890	1,959
Later than one year but not later than 5 years	11,560	8,770
Later than 5 years	<u>13,321</u>	<u>3,837</u>
	<u>27,771</u>	<u>14,566</u>

(e) Contractual obligations

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

	30 June 2024 \$'000	30 June 2023 \$'000
Within one year	24,615	7,829
Later than one year but not later than 5 years	-	25,589
	<u>24,615</u>	<u>33,418</u>

10 Investment properties (continued)

(e) Amounts recognised in profit or loss for investment properties (continued)

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

11 Payables

	2024 \$'000	2023 \$'000
Trade payables	101	83
Accrued expenses	475	601
Management and performance fees payable	105	79
	681	763

12 Borrowings

	2024 \$'000	2023 \$'000
Bank loan	45,760	32,720
Unamortised borrowing costs	(71)	(73)
	45,689	32,647

On 8 May 2024 the \$75,000,000 loan facility was increased from \$50,000,000. The loan is secured by a registered first mortgage over the Scheme's properties and a General Security Agreement over the Scheme and is non-recourse to unitholders. The termination date of the loan facility is 30 June 2027.

The Scheme had access to:

	2024 \$'000	2023 \$'000
Credit facilities		
Cash advance facilities	75,000	50,000
Drawn balance	(45,760)	(32,720)
Undrawn balance	29,240	17,280

	2024 \$'000	2023 \$'000
Analysis of changes in net debt		
Opening balance	31,858	1,214
Net proceeds from borrowings	13,040	28,717
Other cash movements	(178)	1,927
Closing balance	44,720	31,858
Bank loan	45,760	32,720
Cash and cash equivalents	(1,040)	(862)
Net debt	44,720	31,858

13 Financial risk management

(a) Objectives, strategies, policies and processes

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

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's disclosure documents and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Financial risk management is carried out by the Fund 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 statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Scheme has no exposure to price risk.

(ii) Interest rate risk

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

The Scheme is exposed to interest rate risk predominantly through borrowings. The Fund does not currently use interest rate swaps to mitigate interest rate risk. Management regularly review this risk and should they see fit, will implement appropriate strategies to manage it.

	2024 \$'000	2023 \$'000
Floating rate		
Cash and cash equivalents	1,040	862
Borrowings*	<u>(45,760)</u>	<u>(32,720)</u>
	<u>(44,720)</u>	<u>(31,858)</u>
Net exposure	<u>(44,720)</u>	<u>(31,858)</u>

* Represents the notional principal amounts.

13 Financial risk management (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

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

Sensitivity	Impact on profit and net assets attributable to unitholders	
	2024 \$'000	2023 \$'000
Interest rate + 0.76% (2023: +0.70%)	(340)	(222)
Interest rate - 0.76% (2023: -0.70%)	340	222

(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 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.

(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. The Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

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

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.

	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3+ years \$'000
2024	888	-	-	-
Distributions payable	888	-	-	-
Payables	681	-	-	-
Borrowings	-	-	45,760	-
Total financial liabilities	1,569	-	45,760	-

13 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturities analysis of financial liabilities (continued)

	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3+ years \$'000
2023				
Distributions payable	649	-	-	-
Payables	763	-	-	-
Borrowings	32,720	-	-	-
Total financial liabilities	34,132	-	-	-

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. As at 30 June 2024, these assets amounted to \$1,040,000 (2023: \$862,000).

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

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 14.

14 Fair value hierarchy

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

(a) Fair value hierarchy

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

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

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

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

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

2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-financial assets				
Investment properties	-	-	159,151	159,151
Properties held for sale	-	650	-	650
Total non-financial assets	-	650	159,151	159,801

14 Fair value hierarchy (continued)

2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-financial assets				
Investment properties	-	-	113,646	113,646
Properties held for sale	-	-	1,750	1,750
Total non-financial assets	-	-	115,396	115,396

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

(b) Valuation techniques

(i) Financial instruments

The pricing for the majority of the Scheme's investments 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 unlisted property trusts and over-the-counter derivatives.

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 unlisted trusts, the use of the relevant Investment Managers' quoted unit prices using the net asset value; and
- for derivatives, the fair value of interest rate swaps is calculated using a discounted cash flow model as the present value of the estimated future cash flows based on observable yield curves.

The stated fair value of each financial instrument represents the Responsible Entity's best estimate at the end of the period. Currently the fund does not hold any financial instruments.

(ii) Investment properties

The investment property valuation policy is to have independent valuations conducted regularly, typically annually, to aid with the determination of the assets fair value. In determining the fair value of an investment property, the primary appropriate method of assessment is considered to be the discounted cash flow. This methodology involves formulating a projection of SDA cash flow for a term in length equal to that of the remaining secured funding 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.

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 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 10(b).

14 Fair value hierarchy (continued)

(i) Valuation inputs and relationship to fair value

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

- Adopted discount cash flow rate - The rate of return to convert a monetary sum, payable or receivable in the future, into present value. Theoretically, it should reflect the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. This rate is determined with regards to market evidence.

- Vacancy Allowance - Vacancy allowance has been applied to the gross income, factored into the cash flow projection upon completion of the adopted letting up period.

Valuation inputs	2024	2023
Adopted discount cash flow rate (%)	7.50 - 8.50	7.50 - 8.50
Adopted vacancy rate by income (%)	5.00 - 12.00	5.00 - 7.00

(ii) Valuation processes

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

(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
Adopted discount cash flow rate	Decrease	Increase
Adopted vacancy rate by income	Decrease	Increase

(d) Fair value of other financial instruments

Due to their short-term nature, the carrying amounts of the receivables and payables are assumed to approximate their fair values.

15 Related party transactions

Responsible Entity

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

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of Australian Unity Funds Management Limited at any time during the year 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

15 Related party transactions (continued)

(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 period.

Other transactions within the Scheme

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

Management fees and other transactions

The Responsible Entity is entitled to receive management fees calculated monthly at 0.70% per annum of the gross asset value of the Scheme.

Should the Scheme meet certain criteria, the Responsible Entity will be entitled to a performance fee. The performance fee will be equal to 20% of the portion of the outperformance of the Scheme over an internal rate of return (IRR) of 10.00% per annum. The IRR is the annualised, compound rate of return received by the unitholders taking into account all income and capital cash flows over the term of the investment.

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

AUPM is entitled to receive an acquisition fee of up to 0.75% of the value of any assets acquired by the Scheme, payable upon settlement of the acquisition.

AUPM is entitled to receive a fee of up to 0.75% of the value of any equity called, and 0.35% of any debt facilities established by the Scheme.

The transactions during the year and amount payable at 30 June 2024 between the Scheme and the Responsible Entity were as follows:

	2024	2023
	\$	\$
Management fees for the period paid/payable by the Scheme to the Responsible Entity	1,142,010	850,348
Administration expenses incurred by the Responsible Entity which are reimbursed in accordance with the Constitution	418,310	371,944
Capital raising fees for the year paid/payable by the Scheme to the Responsible Entity	179,210	25,418
Acquisition fees for the year paid/payable by the Scheme to the Responsible Entity	190,716	74,751
Aggregate amounts payable to the Responsible Entity at the end of the year	454,154	85,572
Fees incurred by the Scheme for the provision of key management personnel services are included in the management fee paid to the Responsible Entity		

15 Related party transactions (continued)

Management fees and other transactions (continued)

(a) Other related party transactions

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

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

The total project management fees paid to Australian Unity Property Management Pty Ltd for the year ended 30 June 2024 was \$16,305 (2023: \$6,269). Total accrued project management fees payable to Australian Unity Property Management Pty Ltd as at 30 June 2024 was \$194,146 (2023: \$120,341). Total disposal cost paid to Australian Unity Property Management Pty Ltd for the year ended 30 June 2024 was \$14,025 (2023 : nil)

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 investment* '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	7,368	7,368	9,084	7.54	-	-	220
Lifeplan Australia Friendly Society Limited	2,000	2,000	2,466	2.05	-	-	60
Australian Unity Strategic Investments Pty Ltd	3,968	3,968	4,895	4.06	-	-	74
Total	13,336	13,336	16,445	13.65	-	-	354

15 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
Australian Unity Property Income Fund	7,368	7,368	8,480	9.34	-	-	255
Lifepan Australia Friendly Society Limited	2,000	2,000	2,302	2.54	-	-	69
Total	9,368	9,368	10,782	11.88	-	-	324

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

16 Reconciliation of profit to net cash inflow from operating activities

	2024 \$'000	2023 \$'000
Profit for the year	7,977	8,395
Change in fair value of the investment properties	(6,543)	(6,452)
Add back interest expenses and debt establishment costs	2,081	705
Net change in receivables	469	(1,096)
Add back capital raising costs paid/payable	179	25
Net change in payables	(106)	162
Net change in other assets	(19)	(26)
Adjustments to net lease incentives and straight line rental	(8)	(381)
Net cash inflow from operating activities	4,030	1,332

17 Events occurring after the end of the financial year

On 27 June 2024, the Scheme exchanged a contract to sell 4 Berry Street, Wilstonon QLD. Settlement occurred on 28 August 2024 for \$650,000, excluding selling costs.

Other than the above, the directors of the Responsible Entity are not aware of any other matter or circumstance arising since 30 June 2024 which has significantly affected or may significantly affect the financial position of the Scheme disclosed in the 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.

18 Contingent assets and liabilities and commitments

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

Commitments arising from contracts principally relating to acquisition of investment properties which are contracted for at reporting date but not recognised on the statement of financial position are \$21,603,469 as at 30 June 2024 (2023: \$33,417,836).

Directors' declaration

In the opinion of the directors of Australian Funds Management Limited, as the Responsible Entity of Australian Specialist Disability Accommodation Fund (the Scheme):

- (a) The financial statements and notes set out on pages 6 to 30 are:
 - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date.
- (b) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable,
- (c) The financial statements are in accordance with the Scheme's Constitution, and
- (d) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Rohan Mead
Director



Esther Kerr
Director

20 September 2024



Independent Auditor's Report

To the unitholders of Australian Unity Specialist Disability Accommodation Fund

Opinion

We have audited the **Financial Report** of Australian Unity Specialist Disability Accommodation Fund (the Scheme).

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

The **Financial Report** comprises the:

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

Basis for opinion

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

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

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

Other Information

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

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

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

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

Responsibilities of Directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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



A handwritten signature in black ink, appearing to be 'KPMG', written in a cursive style.

KPMG

A handwritten signature in black ink, appearing to be 'DK', written in a cursive style.

David Kells

Partner

Sydney

20 September 2024