

Australian Unity Childcare Property Fund

ARSN 652 919 885

Annual report for the year ended 30 June 2026

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Directors' report

The directors of Australian Unity Funds Management Limited (ABN 60 071 497 115), the Responsible Entity of Australian Unity Childcare Property Fund ("the Scheme"), present their report together with the financial statements of the Scheme for the year ended 30 June 2026 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):

Adam Vise, Executive Director (appointed 29 August 2025)
 Balaji Gopal, Executive Director (appointed 28 August 2026)
 Darren Mann, Executive Director (resigned 12 January 2026)
 Esther Kerr, Executive Director (resigned 29 August 2025)
 Julien Playoust, Non-executive Director (appointed 31 July 2026)
 Matthew Ricker, Executive Director (appointed 12 January 2026, resigned 31 July 2026)
 Paul Ryan, Executive Director (appointed 15 December 2025, retired 28 August 2026)
 Rohan Mead, Executive Director (retired 15 December 2025)

Principal activities

The Scheme invests in a diversified portfolio of childcare properties, including established properties and development assets. Investments may be held directly or indirectly through unlisted managed funds, property syndicates and related structures. The Scheme may also hold associated loans and liquid assets.

Review and results of operations

Property valuations

Independent property valuations resulted in a net fair value gain of \$1.4m for the year (2025: \$2.0m).

Results

For the year, the Scheme posted a total return of 6.43%, (split between a distribution return of 3.48% and a growth return of 2.95%)*.

*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 AASB compliant financial statements.

Unit price (ex distribution) as at 30 June 2026 was \$1.0726

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

	30 June 2026 \$'000	30 June 2025 \$'000
Profit for the year	<u>3,398</u>	3,173
Distribution paid and payable	<u>1,861</u>	1,650

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.

Events occurring after end of the year

On 25 August 2026, Edge Early Learning appointed Korda Mentha as voluntary administrators. Edge contributes 9% of the Scheme's rental income through its occupancy of the Aldinga (SA) property. The Responsible Entity is monitoring the administration process and does not expect a material impact on the carrying value of the Scheme's assets.

On 27 August 2026, the Responsible Entity commenced a strategic review of the Scheme. The review is currently expected to take approximately three months, although it may be shorter or longer at the Responsible Entity's discretion. As part of the review, the Responsible Entity intends to consult with investors to determine their preferences for the future operation of the Scheme.

During the review, the Scheme's Information Memorandum will be withdrawn and applications from new investors will not be accepted. Existing investors may continue to make additional investments in the Scheme.

On 4 September 2026, terms have been agreed with respect to rent relief for the Aldinga site up to and including 31 October 2026 or the earlier successful completion of a business sale and lease assignment. Rent relief means the deferral of rent (and other lease charges). The Scheme will continue accrue rent (and other lease charges) for the proposed period of rent relief but the Voluntary Administrator will not pay the rent (or other lease charges) for this agreed period.

Other than the matters disclosed elsewhere in this report, no matters or circumstances have arisen since 30 June 2026 that have significantly affected, or may significantly affect, the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial periods.

Likely developments and expected results of operations

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

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

Indemnification and insurance of officers and auditors

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

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

Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in note 17 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 17 to the financial statements.

Units in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 9 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 Scheme's operations are subject to environmental regulations under Australian law. There were no known reportable breaches of those regulations during the year.

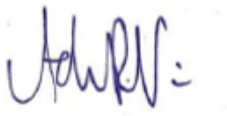
Rounding of amounts

The Scheme is of a kind referred to in ASIC *Corporations Instrument 2026/183* issued by the Australian Securities & Investment Commission relating to the "rounding off" of amounts in the directors report and financial statements. 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.



Adam Vise
Director



Julien Playoust
Director

17 September 2026



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

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

I declare that, to the best of my knowledge and belief, in relation to the audit of the financial report of
Australian Unity Childcare Property Fund for the financial year ended 30 June 2026 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

17 September 2026

{The Auditor's independence declaration will be provided by your auditor}

Australian Unity Childcare Property Fund
Statement of comprehensive income
For the year ended 30 June 2026

Statement of comprehensive income

		30 June 2026 \$'000	30 June 2025 \$'000
	Notes		
Income			
Rental income	5	5,650	5,516
Property expenses	6	(1,000)	(665)
Net property income		4,650	4,851
Interest income		136	19
Net gains on financial instruments held at fair value through profit or loss		85	-
Net fair value gain on investment properties	12(b)	1,361	1,950
Total income net of property expenses		6,232	6,820
Expenses			
Management fees	17	663	672
Borrowing costs		1,823	2,007
Other expenses	8	348	968
Total expenses		2,834	3,647
Profit for the year		3,398	3,173
Other comprehensive income		-	-
Total comprehensive profit attributable to unitholders		3,398	3,173

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

Australian Unity Childcare Property Fund
Statement of financial position
As at 30 June 2026

Statement of financial position

	Notes	2026 \$'000	2025 \$'000
Assets			
Cash and cash equivalents		2,763	6,083
Receivables	11	437	115
Financial assets held at fair value through profit or loss		85	-
Investment properties	12	85,488	84,054
Other assets		33	30
Total assets		88,806	90,282
Liabilities			
Payables	13	357	574
Distributions payable	10	519	503
Borrowings	14	31,788	31,729
Total liabilities		32,664	32,806
Net assets attributable to unitholders - equity	9	56,142	57,476

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

Australian Unity Childcare Property Fund
Statement of changes in equity
For the year ended 30 June 2026

Statement of changes in equity

	30 June 2026 \$'000	30 June 2025 \$'000
Balance at the beginning of the year	57,476	56,303
Comprehensive income for the financial year		
Profit for the year	<u>3,398</u>	3,173
Total comprehensive income attributable to unitholders	3,398	3,173
Transactions with unitholders		
Applications of units	11	23
Redemption of units	(2,882)	(373)
Distributions paid and payable	<u>(1,861)</u>	(1,650)
Total transactions with unitholders	<u>(4,732)</u>	(2,000)
Balance at the end of the year	<u>56,142</u>	57,476

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

Australian Unity Childcare Property Fund
Statement of cash flows
For the year ended 30 June 2026

Statement of cash flows

	30 June 2026 \$'000	30 June 2025 \$'000
<i>Cash flows from operating activities</i>		
Payments to suppliers	(2,238)	(1,756)
Rental income received	5,405	5,479
Interest received	136	19
<i>Net cash inflow from operating activities</i>	18 3,303	3,742
<i>Cash flows from investing activities</i>		
Payments for additions to investment properties	(151)	(324)
Purchase of investment properties	-	(377)
Proceeds from sale of investment property	-	5,815
<i>Net cash (outflow)/inflow from investing activities</i>	(151)	5,114
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	11	34
Payments for redemption by unitholders	(2,882)	(373)
Distributions paid	(1,845)	(1,483)
Proceeds from borrowings	-	913
Interest paid	(1,756)	(2,021)
<i>Net cash outflow from financing activities</i>	(6,472)	(2,930)
<i>Net (decrease)/increase in cash and cash equivalents</i>	(3,320)	5,926
Cash and cash equivalents at the beginning of the year	6,083	157
<i>Cash and cash equivalents at the end of the year</i>	2,763	6,083

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

The Responsible Entity of the Scheme is Australian Unity Funds Management Limited (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 2025 to 30 June 2026.

2 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 financial statements comply with the International Financial Reporting Standards adopted by the International Accounting Standards board.

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

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

The Scheme has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The following Accounting Standards and Interpretations are most relevant to the Scheme:

- AASB 2026-1 Amendments to Australian Accounting Standards - Disclosures about Uncertainties in the Financial Statements;

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Scheme is assessing the impact of these requirements.

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

A number of new accounting standards are effective for annual reporting periods beginning after 1 July 2025 and earlier application is permitted. However, the Scheme has not early adopted the following new or amended accounting standards in preparing these financial statements.

2 Basis of preparation (continued)

(ii) Accounting standards and amendments issued but not yet effective (continued)
AASB 18 Presentation and Disclosure in Financial Statements.

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

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

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

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

Other accounting standards

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

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

3 Functional and presentation currency

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

The Scheme is an entity of the kind referred to in ASIC *Corporations Instrument 2026/183* issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars.

4 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.

5 Rental income

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

	30 June 2026 \$'000	30 June 2025 \$'000
Rental income	4,892	5,034
Outgoings income	836	560
Amortisation of lease commissions & lease incentives	(78)	(78)
	<u>5,650</u>	<u>5,516</u>

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

Contingent rentals, such as turnover rent and market rent adjustments, are recognised as income in the financial year ended in which they are earned.

Outgoing income is recognised in the statement of comprehensive income on an accrual basis with its lease agreements, the Scheme provides certain services to tenants (such as utilities, cleaning maintenance etc) which are accounted for within AASB 15 *Revenue from contracts with customers*. A portion of the consideration within the lease arrangement is therefore allocated to the provision of these services.

6 Property expenses

	30 June 2026 \$'000	30 June 2025 \$'000
Recoverable outgoings	860	621
Non recoverable outgoings	140	44
	<u>1,000</u>	<u>665</u>

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

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

7 Auditor's remuneration

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

	30 June 2026 \$	30 June 2025 \$
<i>Audit services - KPMG</i>		
Audit of financial statements	27,715	25,297
Audit of compliance plan	3,180	3,000
Total auditor's remuneration	<u>30,895</u>	<u>28,297</u>

8 Other expenses

	30 June 2026 \$'000	30 June 2025 \$'000
Disposal costs	15	148
Administration fees	153	115
Sundry	180	705
	<u>348</u>	<u>968</u>

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

9 Net assets attributable to unitholders

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

	30 June 2026 No. '000	30 June 2025 No. '000	30 June 2026 \$'000	30 June 2025 \$'000
Contributed equity				
Opening balance	55,099	55,446	55,296	55,646
Wholesale units				
Applications	10	22	11	23
Redemption	<u>(2,769)</u>	<u>(369)</u>	<u>(2,882)</u>	<u>(373)</u>
	<u>(2,759)</u>	<u>(347)</u>	<u>(2,871)</u>	<u>(350)</u>
Closing balance	<u>52,340</u>	55,099	<u>52,425</u>	55,296
Undistributed income				
Opening balance			2,180	657
Increase / (Decrease) in net assets attributable to unitholders			<u>1,537</u>	1,523
Closing balance			<u>3,717</u>	2,180
Total net assets attributable to unitholders			<u>56,142</u>	57,476

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

- the puttable financial instruments entitles the holder to a pro-rata share of net assets in the event of the Scheme's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;

9 Net assets attributable to unitholders (continued)

- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial instrument, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Scheme and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

Capital risk management

The Scheme is currently illiquid and withdrawals are not available on demand. Subject to market conditions and the Corporations Act 2001, the Responsible Entity may offer withdrawal opportunities from time to time at its discretion.

The Responsible Entity currently expects to offer a limited withdrawal opportunity during the financial year ending 30 June 2027. Any withdrawal opportunity will be subject to the Scheme's available liquidity at the time and may be funded through available cash, borrowings or the sale of Scheme assets.

The Scheme's Constitution allows the Responsible Entity to suspend withdrawals for up to 180 days in certain circumstances.

Applications for units are recorded net of any entry fees payable prior to issue. Redemptions are recorded gross of any exit fees payable following the cancellation of units. Redemption prices are determined in accordance with the Constitution by reference to the net assets of the Scheme divided by the number of units on issue.

10 Distributions to unitholders

The distributions for the financial year were as follows:

	30 June 2026 \$'000	30 June 2026 CPU	30 June 2025 \$'000	30 June 2025 CPU
30 September	457	0.874	220	0.399
31 December	456	0.871	466	0.846
31 March	429	0.819	461	0.837
30 June (payable)	519	0.991	503	0.913
	<u>1,861</u>		<u>1,650</u>	

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

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

11 Receivables

	2026 \$'000	2025 \$'000
Trade receivables	406	68
GST receivables	31	47
	<u>437</u>	<u>115</u>

11 Receivables (continued)

Receivables include tenant receivables and outgoings recoverable. 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 less expected credit losses. Expected credit losses are assessed at each reporting date.

12 Investment properties

(a) Property details

Investment properties include childcare properties comprising established properties and development assets.

The carrying value of an investment property, may vary from the most recent independent valuation of the property due to capital expenditure and the capitalisation 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. Initially investment properties are measured at cost. Subsequent to initial recognition, investment properties are measured at fair value.

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. In accordance with the investment property valuations policy approved by the Board, independent valuations of investment properties are obtained from suitably qualified valuers 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.

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.

12 Investment properties (continued)

(b) Movements in carrying amount

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

	30 June 2026 \$'000	30 June 2025 \$'000
Opening balance	84,054	87,148
Acquisitions	-	377
Additions	151	472
Disposal	-	(5,815)
Amortisation of lease commissions & lease incentives	(78)	(78)
Change in fair value	1,361	1,950
Closing balance	<u>85,488</u>	<u>84,054</u>

(c) Contractual obligations

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

	2026 \$'000	2025 \$'000
Within one year	<u>2,616</u>	<u>2,616</u>
	<u>2,616</u>	<u>2,616</u>

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

(d) Leasing arrangements

Leasing costs

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

Lease incentives

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

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

12 Investment properties (continued)

(d) Leasing arrangements (continued)

	2026 \$'000	2025 \$'000
Within one year	5,030	4,979
Later than one year but not later than 5 years	22,218	27,748
Later than 5 years	46,325	45,871
	<u>73,573</u>	<u>78,598</u>

13 Payables

	2026 \$'000	2025 \$'000
Accrued expenses	198	418
Trade payables	33	-
GST Payables	100	131
Rent received in advance	26	25
	<u>357</u>	<u>574</u>

Payables represent liabilities and accrued expenses outstanding at reporting date. Amounts are generally settled within 30 to 90 days and carried at amortised cost.

14 Borrowings

	2026 \$'000	2025 \$'000
Bank loan	31,863	31,863
Unamortised borrowing costs	(75)	(134)
	<u>31,788</u>	<u>31,729</u>

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

The Scheme has a \$35.0m secured debt facility maturing on 19 November 2027.

The Scheme had access to:

	2026 \$'000	2025 \$'000
Credit facilities		
Cash advance facilities	35,000	35,000
Drawn balance	(31,863)	(31,863)
Undrawn balance	<u>3,137</u>	<u>3,137</u>

14 Borrowings (continued)

Reconciliations of the net debt are set out as below:

	2026 \$'000	2025 \$'000
Analysis of changes in net debt		
Opening balance	25,780	30,793
Proceeds from borrowings	-	913
Other cash movements	3,320	(5,926)
Closing balance	<u>29,100</u>	<u>25,780</u>
 Bank loan	 31,863	 31,863
Cash and cash equivalents	<u>(2,763)</u>	<u>(6,083)</u>
Net debt	<u>29,100</u>	<u>25,780</u>

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.

14 Borrowings (continued)

	Loans and borrowings \$'000	Unitholder Capital \$'000	Total \$'000
Balance at 1 July 2025	31,729	57,476	89,205
Changes from Financing cash flows			
Proceeds from issue of units	-	11	11
Proceeds from loans and borrowings		-	
Distributions paid	-	(1,845)	(1,845)
Redemptions Paid		(2,882)	(2,882)
Borrowing costs paid	(1,756)	-	(1,756)
Total changes from financing cash flows	(1,756)	(4,716)	(6,472)
Other Changes			
Liability related			
Borrowing costs expense	1,823	-	1,823
Movement in borrowing costs payable	(8)	-	(8)
Total liability related other changes	1,815	-	1,815
Total equity related other changes	-	3,382	3,382
Balance at 30 June 2026	31,788	56,142	87,930

	Loans and borrowings \$'000	Unitholder Capital \$'000	Total \$'000
Balance at 1 July 2024	30,828	56,303	87,131
Changes from Financing cash flows			
Proceeds from issue of units	-	34	34
Proceeds from loans and borrowings	913	-	913
Distributions paid	-	(1,483)	(1,483)
Redemption paid	-	(373)	(373)
Borrowing costs paid	(2,021)	-	(2,021)
Total changes from financing cash flows	(1,108)	(1,822)	(2,930)
Other Changes			
Liability related			
Borrowing costs expense	2,007	-	2,007
Movement in borrowing costs	2	-	2
Total liability related other changes	2,009	-	2,009
Total equity related other changes	-	2,995	2,995
Balance at 30 June 2025	31,729	57,476	89,205

The facility contains financial covenants including loan-to-value ratio and interest cover ratio requirements. The Scheme complied with all covenant requirements during the year and at 30 June 2026.

15 Financial risk management

(a) Objectives, strategies, policies and processes

The Scheme's activities expose it primarily to interest rate and liquidity risk.

The Schemes 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.

(i) Interest rate risk

The Scheme is exposed to interest rate risk predominantly through its variable rate borrowings. To reduce exposure to movements in interest rates, the Scheme entered into an interest rate swap during the year. Under the swap, the Scheme pays a fixed interest rate of 4.015% and receives 3-month BBSY on a notional principal amount of approximately \$31.9m. The swap matures on 5 January 2027.

As substantially all of the Scheme's borrowings were economically fixed through the interest rate swap at 30 June 2026, the table below reflects the Scheme's remaining net floating rate exposure.

	2026 \$'000	2025 \$'000
Floating rate		
Cash and cash equivalents	2,763	6,083
Borrowings	-	(31,729)
Net exposure	<u>2,763</u>	<u>(25,780)</u>

The swap economically fixes substantially all of the Scheme's variable rate debt exposure.

The table below demonstrates the sensitivity of the Scheme's remaining net floating rate exposure after taking into account the effect of the interest rate swap.

	Impact on profit and net assets attributable to unitholders	
Sensitivity	2026 \$'000	2025 \$'000
Interest rate + 0.96% (2025: + 1.03%)	26	(266)
Interest rate - 0.96% (2025: - 1.03%)	(26)	266

(b) Liquidity risk

Liquidity risk is the risk that the Scheme will be unable to meet its financial obligations as they fall due.

The Scheme manages liquidity risk by maintaining sufficient cash and cash equivalents and monitoring forecast cash flows and debt obligations. At 30 June 2026, cash and cash equivalents amounted to \$2.8m (2025: \$6.1m).

Withdrawal opportunities are offered at the discretion of the Responsible Entity and are subject to available liquidity and market conditions.

The Scheme's liquidity position is monitored regularly by the Fund Manager.

15 Financial risk management (continued)

(b) Liquidity risk (continued)

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
2026				
Distributions payable	519	-	-	-
Payables	358	-	-	-
Borrowings	-	31,863	-	-
Total financial liabilities	877	31,863	-	-

	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3+ years \$'000
2025				
Distributions payable	503	-	-	-
Payables	574	-	-	-
Borrowings	-	31,863	-	-
Total financial liabilities	1,077	31,863	-	-

As disclosed above, the Scheme manages its liquidity risk by investing predominantly in liquid assets that it expects to be able to liquidate within seven days or less. Liquid assets include cash and cash equivalents. As at 30 June 2026, these assets amounted to \$2.8m (2025: \$6.1m).

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

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

The Scheme values its investment properties in accordance with the accounting policies set out in note 12.

16 Fair value hierarchy

The Scheme measures and recognises investment properties and capitalised development costs at fair value on a recurring basis.

(a) Fair value hierarchy

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

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

16 Fair value hierarchy (continued)

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 non-financial assets measured at fair value according to the fair value hierarchy at the reporting date.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2026				
Non-financial assets				
Investment properties	-	-	85,488	85,488
Total non-financial assets	-	-	85,488	85,488
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2025				
Non-financial assets				
Investment properties	-	-	84,054	84,054
Total non-financial assets	-	-	84,054	84,054

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.

16 Fair value hierarchy (continued)

(b) Valuation techniques

(i) Investment properties

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

- Income capitalisation method - this methodology involves the assessment of a net market income for the various components of the subject property. The net market income is capitalised at a rate derived from the analysis of comparable sales evidence to derive a capital value. Appropriate capital adjustments are then made where necessary to reflect the adopted cash flow profile and the general risk characteristic of the property; and
- Direct comparison method - this methodology identifies comparable sales on a dollar per square metre of lettable area and compares the equivalent rates to the subject property to establish the property's market value. This approach is somewhat subjective given the fact that specific items of income and expenditure are difficult to directly reflect and compare when adopting a rate per metre.

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

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

(i) Valuation inputs and relationship to fair value

The following are the key valuation assumptions used in the determination of the investment properties fair value using the income capitalisation valuation methodology:

- Current net market rental the estimated amount for which a property or space within a property should be leased between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction,
- Proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In the calculation of net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable);
- Adopted capitalisation rate - the rate at which net market income is capitalised to determine the value of the property. This rate is determined with regards to market evidence.

Valuation inputs	2026	2025
Current net market rental (\$ per place)	3,350 - 4,550	3,000 - 4,250
Adopted capitalisation rate (%)	5.25 - 6.00	5.00 - 6.50

The changes in fair value of investment properties for the year are set out in note 12(b).

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

(ii) Valuation Process

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

(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:

16 Fair value hierarchy (continued)

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

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

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

Valuation inputs	2026 \$'000	2025 \$'000
Adopted capitalisation rate +0.25% (2025: +0.25%)	(3,607)	(3,499)
Adopted capitalisation rate -0.25% (2025: -0.25%)	3,945	3,818
Current net market rental +0.25% (2025: +0.25%)	222	220
Current net market rental -0.25% (2025: -0.25%)	(222)	(220)

(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.

17 Related party transactions

Responsible Entity

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

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of Australian Unity Funds Management Limited during the financial year and up to the date of this report (unless otherwise stated):

Adam Vise, Executive Director (appointed 29 August 2025)
Balaji Gopal, Executive Director (appointed 28 August 2026)
Darren Mann, Executive Director (resigned 12 January 2026)
Esther Kerr, Executive Director (resigned 29 August 2025)
Julien Playoust, Non-executive Director (appointed 31 July 2026)
Matthew Ricker, Executive Director (appointed 12 January 2026, resigned 31 July 2026)
Paul Ryan, Executive Director (appointed 15 December 2025, retired 28 August 2026)
Rohan Mead, Executive Director (retired 15 December 2025)

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

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the year ended.

Other transactions within the Scheme

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

17 Related party transactions (continued)

Management fees and other transactions

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

Should the Scheme meet certain criteria, the Responsible Entity is entitled to a performance fee. The performance fee will be equal to 15% of the out performance of the Scheme over a pre-tax internal rate of return (IRR) of 10% from the date of financial close to the date of the crystallisation event. The performance fee will be calculated on an annual basis each financial year end being 30 June. Performance fee for the year ended 30 June 2026 was \$nil (2025 : \$nil). The IRR is the annualised compound rate of return received by the unitholders taking into account all income and capital cash flows.

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

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

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

	30 June 2026 \$	30 June 2025 \$
Management fees for the year paid/payable by the Scheme to the Responsible Entity	663,122	671,848
Administration expenses incurred by the Responsible Entity which are reimbursed in accordance with the Constitution	223,708	168,110
Equity raising fees incurred by the Responsible Entity which are reimbursed in accordance with the Scheme's Constitution	84	253
Aggregate amounts payable to the Responsible Entity at the end of the year	24,877	121,529

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

(a) Other related party transactions

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

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

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

Related party unitholdings

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

17 Related party transactions (continued)

Related party unitholdings (continued)

2026	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
Unitholders							
Australian Unity Health Limited	20,000	18,714	20,257	35.75	-	1,286	662
Total	20,000	18,714	20,257	35.75	-	1,286	662

2025	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
Unitholders							
Australian Unity Health Limited	20,000	20,000	20,986	36.30	-	-	599
Total	20,000	20,000	20,986	36.30	-	-	599

18 Reconciliation of profit to net cash inflow from operating activities

	30 June 2026 \$'000	30 June 2025 \$'000
Profit for the year	3,398	3,173
Net change in fair value of the investment properties	(1,361)	(1,950)
Adjustments to net lease incentives and straight line rental	78	(66)
Net change in receivables	(322)	29
Net change in accounts payable/liabilities	(225)	(181)
Net change in other assets	-	754
Net gains on financial instruments held at fair value through profit or loss	(85)	-
Add back interest expenses and debt establishment costs	1,823	2,007
Net change in prepayment	(3)	(24)
Net cash inflow from operating activities	3,303	3,742

19 Events occurring after end of the year

On 25 August 2026, Edge Early Learning appointed Korda Mentha as voluntary administrators. Edge contributes 9% of the Scheme's rental income through its occupancy of the Aldinga (SA) property. The Responsible Entity is monitoring the administration process and does not expect a material impact on the carrying value of the Scheme's assets.

On 27 August 2026, the Responsible Entity commenced a strategic review of the Scheme. The review is currently expected to take approximately three months, although it may be shorter or longer at the Responsible Entity's discretion. As part of the review, the Responsible Entity intends to consult with investors to determine their preferences for the future operation of the Scheme.

During the review, the Scheme's Information Memorandum will be withdrawn and applications from new investors will not be accepted. Existing investors may continue to make additional investments in the Scheme.

On 4 September 2026, terms have been agreed with respect to rent relief for the Aldinga site up to and including 31 October 2026 or the earlier successful completion of a business sale and lease assignment. Rent relief means the deferral of rent (and other lease charges). So the landlord continues to accrue rent (and other lease charges) for the proposed period of rent relief, but the Voluntary Administrator will not pay the rent (or other lease charges) for the agreed period.

Other than the matters disclosed elsewhere in this report, no matters or circumstances have arisen since 30 June 2026 that have significantly affected, or may significantly affect, the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial periods.

20 Contingent assets and liabilities and commitments

There are no outstanding contingent assets or liabilities as at 30 June 2026 and 30 June 2025.

Commitments arising from contracts in relation to investment property under development which are contracted for at reporting date but not recognised in the statement of financial position are \$2.6m (2025: \$2.6m)

Directors' declaration

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

- (a) the financial statements and notes set out on pages 6 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2026 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 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.



Adam Vise
Director



Julien Playoust
Director

17 September 2026



Independent Auditor's Report

To the Unitholders of Australian Unity Childcare Property Fund

Report on the audit of the Financial Report

Opinion

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

In our opinion, the accompanying Financial Report of the Scheme gives a true and fair view, including of the Scheme's financial position as at 30 June 2026 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:

- Statement of financial position as at 30 June 2026;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes, including material accounting policies; and
- 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of Australian Unity Funds Management Limited as Responsible Entity of the Scheme are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the 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; and
- 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 the Financial Report.

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


KPMG

David Kells

Partner

Sydney

17 September 2026